

lightening the tax burden being imposed upon such corporations by the undistributed-profits tax, which in some instances has the effect of taking up to 50 percent of a year's profit for Federal income tax; to the Committee on Ways and Means.

3447. By Mr. CARTER: Petition of Clay C. Blough, of Oakland, Calif., author, to the Congress of the United States for the establishment of a sweepstake in this country; to the Committee on Ways and Means.

3448. By Mr. PFEIFER: Petition of the Central Trades and Labor Council of Greater New York and vicinity, opposing the construction of United States subsidized ships in foreign countries; to the Committee on Foreign Affairs.

3449. Also, petition of the National Maritime Union of America, Atlantic and Gulf district committee, New York City, concerning the wage and hour bill; to the Committee on Labor.

3450. Also, petition of the Producers' Council Club of New York, concerning renovation work by some method similar to title I of the National Housing Act to stimulate and revive the building industry; to the Committee on Labor.

3451. Also, petition of the Illinois Society of Architects, concerning the undistributed profits tax; to the Committee on Ways and Means.

3452. Also, petition of the California State Federation of Labor, San Francisco, concerning the Alaska fisheries; to the Committee on Merchant Marine and Fisheries.

3453. By Mr. KEOGH: Petition of the Chamber of Commerce of the State of New York, concerning legislative steps to promote recovery; to the Committee on Labor.

3454. By Mr. PFEIFER: Petition of the Brotherhood of Railroad Station Porters, Philadelphia, Pa., concerning the wages-and-hours bill; to the Committee on Labor.

3455. By Mr. KEOGH: Petition of the California State Federation of Labor, concerning Alaska fisheries; to the Committee on Merchant Marine and Fisheries.

3456. Also, petition of the National Association of Credit Men, New York City, concerning the Revenue Act of 1936; to the Committee on Ways and Means.

SENATE

TUESDAY, NOVEMBER 30, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, November 29, 1937, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT—APPROVAL OF JOINT RESOLUTION

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on the 19th instant the President approved and signed the joint resolution (S. J. Res. 222) granting the consent of Congress for the loan of certain portraits now located in the Capitol to the United States Constitution Sesquicentennial Commission for exhibition in the Corcoran Art Gallery.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Brown, N. H.	Copeland	Glass
Ashurst	Bulkley	Davis	Graves
Austin	Bulow	Dieterich	Green
Bailey	Burke	Donahey	Guifey
Bankhead	Byrd	Duffy	Hale
Barkley	Byrnes	Ellender	Harrison
Berry	Capper	Frazier	Hatch
Bilbo	Caraway	George	Hayden
Borah	Chavez	Gerry	Herring
Bridges	Clark	Gibson	Hitchcock
Brown, Mich.	Connally	Gillette	Johnson, Calif.

Johnson, Colo.	McKellar	Overton	Stelwer
King	McNary	Pittman	Thomas, Okla.
La Follette	Maloney	Pope	Thomas, Utah
Lee	Miller	Radcliffe	Townsend
Lodge	Minton	Russell	Truman
Logan	Moore	Schwartz	Tydings
Loneragan	Murray	Schwellenbach	Vandenberg
Lundeen	Neely	Sheppard	Van Nuys
McAdoo	Norris	Shipstead	Wagner
McCarran	Nye	Smathers	Walsh
McGill	O'Mahoney	Smith	White

Mr. MINTON. I announce that the Senator from West Virginia [Mr. HOLT], the Senator from Delaware [Mr. HUGHES], and the Senator from North Carolina [Mr. REYNOLDS] are absent from the Senate because of illness.

The Senator from Montana [Mr. WHEELER] is absent because of a death in his family.

The senior Senator from Florida [Mr. ANDREWS], the Senator from Washington [Mr. BONE], the Senator from Illinois [Mr. LEWIS], and the junior Senator from Florida [Mr. PEPPER] are unavoidably detained from the Senate.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

ELIXIR OF SULFANILAMIDE

The VICE PRESIDENT laid before the Senate a letter from the Assistant to the Secretary of Agriculture, transmitting, in further relation to Senate Resolution 194 (submitted by Mr. COPELAND and agreed to on the 16th instant), copies of a smaller and clearer map, showing the distribution of Massengill's Elixir Sulfanilamide, to be substituted for the map previously sent to the Senate, which, with the accompanying maps, was referred to the Committee on Commerce.

DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate letters from the Archivist of the United States, transmitting, pursuant to law, lists of papers and documents on the files of the Departments of the Treasury, War, Navy, Interior, Agriculture, Commerce, and Labor, and the Civil Service Commission, the Veterans' Administration, the Federal Housing Administration, and the United States Food Administration which are not needed in the conduct of business and have no permanent value or historical interest and requesting action looking to their disposition, which, with the accompanying papers, were referred to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. GIBSON members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by Local Union No. 258, United Automobile Workers of America, and Locals Nos. 12023 and 12092, District 50, United Mine Workers of America, all of Philadelphia, Pa., favoring the enactment of wage and hour legislation and protesting against lay-offs of workers in the Philadelphia area, which were referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Board of Aldermen of New York City, N. Y., favoring diplomatic action by the Government of the United States looking to persuading the Polish Government to desist from alleged outrages and persecutions of the Jews in Poland, which was referred to the Committee on Foreign Relations.

Mr. COPELAND presented a letter in the nature of a memorial from George C. Stein, president of the George F. Stein Brewery, Inc., of Buffalo, N. Y., remonstrating against any reduction in the duty on imported beer, which was referred to the Committee on Finance.

Mr. LODGE presented petitions of sundry citizens of the State of Massachusetts, praying for the enactment of legislation to abolish the Federal Reserve System as presently constituted and to restore the congressional function of coining and issuing money and regulating the value thereof, which were referred to the Committee on Banking and Currency.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that today, November 30, 1937, that committee

presented to the President of the United States the enrolled bill (S. 2675) to amend certain sections of the Federal Credit Union Act, approved June 26, 1934 (Public, No. 467, 73d Cong.).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ADAMS:

A bill (S. 3069) to provide for intervention by States, direct appeals to the Supreme Court of the United States in certain cases involving the constitutionality of acts of State legislatures, and for other purposes; to the Committee on the Judiciary.

(Mr. DAVIS introduced Senate bill 3070, which was referred to the Committee on Finance and appears under a separate heading.)

By Mr. SHEPPARD:

A bill (S. 3071) extending the benefits of the Emergency Officers' Retirement Act to Dury L. Helm; to the Committee on Military Affairs.

(Mr. O'MAHONEY (for himself and Mr. BORAH) introduced Senate bill 3072, which was referred to the Committee on the Judiciary and appears under a separate heading.)

STATE AND FEDERAL TAXATION

Mr. DAVIS. Mr. President, I ask unanimous consent to introduce, have printed in the RECORD, and referred to the Committee on Finance a bill to create a United States Tax Commission.

One-fifth of the national income of the American people goes for taxes. Our tax system is the most intricate and badly organized in the world. This is due in part to the dual sovereignty of the Federal Government and the 48 States, but also to the local tax units. One hundred and seventy-five thousand different units collect taxes in this country. The annual tax bill of the United States in all branches of government is approximately \$12,000,000,000. That is almost \$100 a year apiece for every man, woman, and child in the Nation. It is the largest tax bill in the world.

In view of this important problem, I am sending to the desk a bill asking for the appointment by the President of the United States of a Federal Commission for State Cooperation on Taxes. The purpose is to have the commission study State and Federal tax structures with a view to redistributing tax burdens, allocating special fields to the States and the Federal Government, simplifying collections, and assuring the taxpayer more for his money. The commission herein proposed would have no administrative authority but would serve as a clearing house for State and Federal recommendations in this field, thereby directing public opinion and leading to gradual improvement.

This is urgently needed. Tax systems in this country are becoming increasingly confusing. Many forms of bad double taxation and the duplication of tax bodies exist. Business is oppressed by this condition, which represents one of peril unless constructive action is taken to simplify the tax structure. At the present time 34 States have tax commissions which operate either on the basis of State statutes or resolutions. Interstate agreements between them can be made under the Constitution of the United States. The coordination of the Federal tax system with State and local tax units is now imperative.

My bill calls for the appointment of a commission by the President of the United States which shall be composed of eminent tax experts, together with the chairman of the House Ways and Means Committee and the chairman of the Senate Finance Committee, serving ex officio.

The VICE PRESIDENT. Without objection, the bill will be received, referred, and printed in the RECORD, as requested by the Senator from Pennsylvania.

The bill (S. 3070) to create a United States Tax Commission was read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That there is hereby established a United States Tax Commission (hereinafter referred to as the "Commis-

sion"), to be composed of three members to be appointed by the President, by and with the advice and consent of the Senate. Not more than two of such commissioners shall be members of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable. Each commissioner shall receive a salary at the rate of \$— a year and shall hold office for a term of 3 years, except that (1) any commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of office of the commissioners first taking office after the date of enactment of this act shall expire, as designated by the President at the time of nomination, one at the end of 1 year, one at the end of 2 years, and one at the end of 3 years, after the date of enactment of this act.

SEC. 2. The Commission shall make a continuous study of Federal and State tax structures with a view to redistribution of tax burdens, allocation of special fields to the Federal Government and to the States, and simplification of administration. The Commission shall submit a report annually to the President and to Congress covering the studies of the Commission for the preceding year and including such information, data, and recommendations for legislation in connection with the matters covered by such studies as it may deem advisable.

SEC. 3. The Commission is authorized to utilize the services, information, facilities, and personnel of the departments and agencies in the executive branch of the Government and of the Joint Committee on Internal Revenue Taxation. The Commission is further authorized to appoint such officers, attorneys, experts, and other employees as may be necessary for carrying out its functions under this act, and fix their salaries in accordance with the Classification Act of 1923, as amended.

SEC. 4. There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

NATIONAL CHARTERS FOR NATIONAL COMMERCE

Mr. O'MAHONEY. Mr. President, on behalf of the Senator from Idaho [Mr. BORAH] and myself, I ask consent to introduce a bill and request that it be referred to the Committee on the Judiciary.

This bill is a combination of the separate measures we had each previously offered. It is an attempt to reduce to simple terms in a Federal statute the principle that since the Constitution of the United States gives to the Federal Government the power to regulate commerce among the States, and since this commerce is now chiefly carried on by artificial agencies called corporations, the powers, functions, and duties of these agencies should be prescribed by the Federal Government.

The bill, therefore, requires all corporations engaged in interstate or foreign commerce to obtain authority from the Federal Government in the form of a Federal license. The measure does not authorize any Federal functionary to impose discretionary conditions upon business. It is intended to be a self-enforcing law.

The sponsors of the bill are firmly of the opinion that its adoption would stabilize and stimulate commerce throughout the United States. It would make practically impossible the corporate violation of the antitrust laws, which has been the chief cause of the concentration of economic power and wealth.

It would protect the investing public by making it impossible for any corporation hereafter to indulge in the principal practices by which the investor has been exploited.

It would improve labor standards and benefit labor by prohibiting child labor and discrimination against women, and by guaranteeing the right of collective bargaining.

Because it would prevent combinations in restraint of trade and conspiracies to monopolize trade before the offenses were committed, instead of ineffectively seeking to punish such offenses after they have been committed, it would prevent the manipulation of prices to the disadvantage of the consuming public.

AN ECONOMIC CONSTITUTION NEEDED

On the theory that the United States is in as great need now of an economic constitution as it was in 1787 of a political constitution, this measure directs the Federal Trade Commission to call within 90 days after the enactment of the measure a national industrial conference to make recommendations to Congress and to draft a thoroughgoing Federal incorporation law.

The bill may be briefly analyzed as follows:

Section 1 is a formal congressional recognition that the problem of commerce is a national problem and an assertion

of the right of Congress under the Constitution of its attempts through this measure to prescribe the conditions under which corporations may carry on the commerce which the Federal Constitution declares to be a matter of national concern.

Section 2 contains necessary definitions.

Section 3 expands the Federal Trade Commission from five to nine Commissioners, and provides that one of the additional Commissioners shall represent the interest of employees, one shall represent the interest of employers, one the interest of the consuming public, and one shall act as commissioner of corporations.

This section directs the Commission to make its recommendations to Congress for the stabilization of the basic industries, to call an industrial conference, and, when it finds that abuses in the form of low wages exist, to recommend to Congress minimum-wage legislation. It will be observed that the Commission has power only to recommend to Congress.

PROTECTS LABOR, INVESTORS, AND CONSUMERS

Section 4 provides for the issuance of licenses to corporations. It requires the licensee to file with the Commission a complete statement of its corporate organization and financial status, as well as a certificate of its intentions to abide by all acts of Congress. The Commission is authorized to deny a license to a corporation violating the antitrust laws.

Section 5 deals with labor and fair trade conditions. The section is intended to prevent child labor by corporations and discrimination against female employees, as well as to require the recognition of collective bargaining. Also it authorizes the Commission to prohibit dishonest or fraudulent trade practices which have been defined in the courts.

Section 8 authorizes the revocation of licenses, but gives a full and complete court review.

Section 10 authorizes the Commission to carry on necessary investigations.

Title II is for the protection of investors and prohibits certain corporate practices which are recognized in the great majority of the States as being unsound. It makes every director a trustee for the benefit of his stockholders.

For the protection of the small stockholder, this title creates a system of accredited corporation representatives upon the pattern of the certified public accountants, so that owners of a few shares of stock may, if they desire, have representation at stockholders' and directors' meetings through the person of a corporation expert.

This section also contains a provision intended to stimulate employees' participation in corporate earnings.

Mr. President, I ask unanimous consent that the bill be printed at length in the RECORD.

The VICE PRESIDENT. Without objection, the bill will be received, referred, and printed in the RECORD, as requested by the Senator from Wyoming.

The bill (S. 3072) to regulate interstate and foreign commerce by prescribing the conditions under which corporations may engage or may be formed to engage in such commerce, to provide for and define additional powers and duties of the Federal Trade Commission, to assist the several States in improving labor conditions and enlarging purchasing power for goods sold in such commerce, and for other purposes, was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc.—

TITLE I

FINDINGS OF FACT AND DECLARATION OF POLICY

SECTION 1. The Congress finds and hereby declares—

(1) That the Constitution of the United States of America vests in the Congress of the United States full and complete power to regulate all commerce with foreign nations and among the several States, and with the Indian tribes, including all that commerce which concerns more States than one and all that commerce, whether or not carried on wholly within a particular State, which affects other States and which is not completely within a particular State; that the power to regulate such commerce includes the power to promote a more equitable distribution of the benefits thereof among the people of the United States, to foster and enlarge such commerce by improving the standard of living among ultimate consumers and purchasers of commodities and to conserve

the future development of such commerce by conserving the natural resources of the Nation.

(2) That the franchises, powers, and privileges of all corporations are derived from the people and are granted by the governments of the States or of the United States as the agents of the people for the public good and general welfare; that to a rapidly increasing and, in many industries, to a dominating extent, commerce with foreign nations and among the several States is carried on through the instrumentality of corporations created by the several States which are without jurisdiction in the field in which such corporations principally operate; that it is the right and duty of the Congress to control and regulate all corporations engaged in such commerce and that to effectuate the policy herein declared it is necessary and proper to provide a national licensing system.

(3) That, as a necessary and integral part of the process of producing commodities for subsequent sale, exchange, transportation, and resale and reexchange in the channels of interstate commerce, corporations engaged in such commerce normally assemble, at their respective places of production within the several States, raw materials and equipment previously purchased and transported in interstate commerce, that such materials are frequently incorporated in and become a part of the commodities produced by such corporations for sale in interstate commerce, and that the investment in such materials and equipment is recouped primarily from profits made on commodities sold in interstate commerce.

(4) That the capital of such corporations is frequently furnished by citizens and residents of many States other than the State from which their corporate existence is derived; that the officers and directors of many such corporations as well as their stockholders are likewise, in many instances, citizens or residents of States other than such parent States; and that such corporations are in truth and in fact instrumentalities of interstate commerce and ought to derive their charters by authority of the Congress.

(5) That such corporations employ a substantial percentage of all labor employed in the production of manufactured goods commonly sold in interstate and foreign commerce; that the wages and salaries paid by such corporations for the production and distribution of such goods constitute a substantial and vital part of the purchasing power which makes interstate and foreign commerce possible; that a constantly increasing proportion of the national wealth has been falling under the control of a constantly decreasing number of corporations; and that such maldistribution of national wealth has prevented the expansion of public purchasing power for consumer's goods, has been a major cause of business depressions and has had a substantial and directly restrictive effect on interstate and foreign commerce.

(6) That the growth of such corporations and such concentration of wealth in corporate hands has effectively impaired the economic bargaining power of labor employed by such corporations.

(7) That many of the causes of such maladjustments of wealth have been and are national in their scope and effect and have been found to be beyond the practical or legal ability of the several States to control or eliminate effectively, and that such causes and effects can be effectively controlled or eliminated only through congressional legislation.

(8) That for the purpose of executing and exercising the power granted to the Congress of the United States in the commerce clause of the Constitution of the United States, for the purpose of preventing the channels, facilities, and corporate instrumentalities of interstate commerce from being utilized to promote unfair or monopolistic methods of competition in or relating to such commerce and for the purpose of protecting, fostering, and increasing such commerce to the end that the capacity of the people to purchase commodities sold, exchanged, transported, or delivered in the course thereof may be increased with consequent reduction of unemployment and correction of the maldistribution and concentration of economic wealth and power, it has become and is necessary to regulate the terms and conditions on which corporations may produce and distribute commodities for the purposes of interstate commerce.

DEFINITIONS

SEC. 2. As used in this act—

(a) "Commerce" shall mean trade or commerce in all its branches with foreign nations or among the several States or between the District of Columbia and any territory of the United States, and any State, Territory, or foreign nation, or between any insular possession or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States and the District of Columbia, or any foreign nation, or within the District of Columbia, or any Territory or insular possession under the jurisdiction of the United States, or with the Indian tribes. It shall include also the collection of raw materials and equipment in commerce as above defined for the production and the production therefrom of any article or commodity to enter the flow of, or which affects commercial intercourse with foreign nations or among the several States, or between the District of Columbia and any Territory of the United States and any State, Territory, or foreign nation, or between any insular possession or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States and the District of Columbia or any foreign nation, or within the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or insular possession under the jurisdiction of the United States, and with the Indian tribes, and the sale or transportation of any article or commodity so produced in the course of commerce as

above defined to retail dealers in any State, Territory, or possession of the United States and the District of Columbia.

(b) "Corporation" shall include any body corporate, association, trust, joint-stock company, limited partnership, syndicate, group, pool, joint venture, or other unincorporated venture.

(c) "Representative" shall include an individual, group, committee, corporation, or labor organization.

(d) "Books and records" shall include any books, records, correspondence, papers, documents, memoranda, contracts, and other written matter.

(e) "Subsidiary" shall mean any corporation subject to the direct or indirect actual or legal control of any other business or person, whether by stock company or in any other manner.

(f) "Affiliate" shall mean any person or corporation who or which has a subsidiary.

(g) "Commission" shall mean the Federal Trade Commission.

ORGANIZATION AND DUTIES OF COMMISSION

SEC. 3. (a) The membership of the Federal Trade Commission is hereby increased from five to nine Commissioners. Except as otherwise provided in this section, all provisions of law applicable with respect to Commissioners in office prior to the enactment of this act shall be applicable in like manner to the four additional Commissioners provided for by this section. One of such additional Commissioners shall be representative of the interests of employees, one shall be representative of the interests of employers, one shall be representative of the interests of the consuming public, and one shall be appointed to act as Commissioner of Corporations. Not more than two of such additional Commissioners shall be members of the same political party. The additional Commissioners first appointed shall hold office (as designated by the President at the time of nomination) as follows: One until September 25, 1938, one until September 25, 1939, one until September 25, 1942, and one until September 25, 1943. The term of office of a successor to any such Commissioner shall expire 7 years from the date of the expiration of the term for which his predecessor was appointed, except that any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(b) The Commission is authorized and directed to develop a general program for the coordination, stabilization, and orderly development of the basic industries of the United States and for a more equitable distribution of the earnings of commerce, trade, and industry to those employed therein and to the investor of capital therein, and for that purpose, under rules and regulations which it may prescribe, to summon within 90 days after the enactment of this act a national industrial conference in which employers, employees, the investing public, and the public generally may be represented. There shall be submitted to each session of the Congress a full report of the recommendations of such conferences and of the activities of the Commission in developing such program.

(c) The Commission is further authorized and directed to investigate forthwith the several basic trades and industries of the United States, and to submit to the Congress on January 3, and from time to time thereafter its findings concerning the general economic conditions prevailing therein, with recommendations for methods of fair competition designed to eliminate unfair trade and labor practices in these several trades and industries.

(d) The Commission shall also submit to the Congress its recommendation with respect to a Federal law providing for the incorporation of corporations engaged in commerce.

(e) Whenever the Commission shall find that abuses in the form of low wage scales, contrary to the public interest and to the policy of this act, exist in the production, manufacture, processing, or distribution of any article or commodity shipped, transported, or delivered in commerce, and that such abuses have not been eliminated through collective bargaining, the Commission may recommend to the Congress a minimum wage for the lowest-paid classes of unskilled labor engaged in the production, manufacture, processing, or distribution of such articles or commodities.

ISSUANCE OF LICENSES

SEC. 4. (a) On and after January 1, —, it shall be unlawful for any corporation to engage directly or indirectly in commerce without first having obtained a license therefor from the Commission. This provision shall extend to any person engaged in commerce if by virtue of any stock ownership, security ownership, advance, loan, trust or trusts, holding company or companies, or any other device or means, direct or indirect, he controls or attempts to control except by participating in a regularly called meeting of stockholders, any corporation engaged in commerce, and any corporation shall be deemed to be engaged in commerce if, for the purpose of controlling or influencing the management of any corporation engaged in commerce, it owns stock or securities of such corporation, or if by means of any advance, loan, voting trust or trusts, holding company or companies, or any other device or means, direct or indirect, it exercises or attempts to exercise direction or control over a corporation engaged in commerce.

(b) Before any license shall be issued under this act the applicant corporation shall file with the Commission a sworn statement with respect to its operations, which shall include information concerning its organization and financial structure; the character of its transactions in interstate or foreign commerce; the terms, position, rights, and privileges of the different classes of its securities outstanding; the terms on which its securities have been offered to the public or otherwise; the property taken by the corporation at the time of its organization and the consideration

paid therefor in money or otherwise; its bonded indebtedness and the interests of the promoters therein; the personnel and salaries of its management; its charter and bylaws; the number and local distribution of its stockholders; contracts made with promoters and with financial interests with respect to the organization of the corporation, management, and service contracts, special legislation relating to the corporation, its profits and losses for not more than the preceding fiscal years; and such further information with respect to the operations of the corporation as the Commission may, by regulation, require as necessary or appropriate in the public interest or for the protection of investors. It shall file with the Commission a certificate duly authenticated by its officers that by vote of the board of directors it intends to engage in commerce subject to all acts of Congress regulating such commerce or limiting or affecting the rights, powers, or duties of corporations or associations engaged therein.

(c) Application for such licenses shall be made, and the licenses shall be issued, in such manner as the Commission shall, by regulation, prescribe. Each such license shall contain such terms and conditions as the Commission shall prescribe as necessary or appropriate to carry out the purposes of this act, shall be effective from the date specified therein, and shall continue in effect until suspended or revoked.

(d) The Commission shall by order deny the application for a license of any applicant corporation which fails to comply with the provisions of subsection (a) of this section, or if the Commission finds that the applicant corporation is an unlawful trust or combination in violation of the antitrust laws as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, that it is a party to any contract, combination in the form of trust, or otherwise, or conspiracy in restraint of trade or commerce in violation of such laws, or that it is monopolizing, or attempting to monopolize, or combining or conspiring with any other person to monopolize, any part of such trade or commerce.

(e) Every corporation engaged in commerce and subject to this act shall have power under its charter, by mere act of its board of directors, to accept any charter restriction that Congress imposes as a condition of its right to engage in such commerce, and before engaging in such commerce it shall file with the Commission a certificate duly authenticated by its officers that by a vote of the board of directors it agrees to engage in commerce as provided in this act, the law of any State or the decision or order of any State authority to the contrary notwithstanding. Every such corporation shall, by amendment of its charter, be subject to and comply with and, if necessary, shall accept any requirement not inconsistent with the laws of the United States, that may be made by the State of its incorporation and with any requirement that may be imposed by Congress as a condition of its right to engage in commerce.

LABOR AND FAIR TRADE CONDITIONS

SEC. 5. Every license issued under this act shall provide—

(a) That no female employee who performs services approximately equivalent to those performed by male employees shall be discriminated against as to rates of pay or in rights granted or in any other manner.

(b) That (1) no person less than 16 years of age shall be employed; and that (2) no person less than 18 years of age shall be employed in a hazardous occupation, or at any other time than between the hours of 7 a. m. and 7 p. m.

(c) That employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection.

For the purpose of facilitating and rendering such collective bargaining more effective, the Commission is authorized and directed, in accordance with the provisions of section 10, to secure from licensees involved all relevant and detailed data as to production cost, prices, and profits, or as to other questions at issue, for the confidential use of the representatives of the employees and employers.

(d) That dishonest or fraudulent trade practices, or unfair methods of competition which have been so defined in the courts of the United States or established by orders of the Commission made subject to judicial review, may, after notice to the licensee and opportunity for hearing, be prohibited by the Commission.

SEC. 6. (a) The Commission shall provide for the issuance of licenses under this act, and in issuing any license or amendment thereto under this act the Commission shall prepare a tentative draft of such license or amendment which it shall make available to all interested parties. Thereafter, and before such license or amendment shall become effective, the Commission shall give due notice to all interested parties and afford them adequate opportunity to be heard.

(b) The Commission may, in its discretion, issue a blanket license to all corporations engaged in the production, manufacture, processing, or distribution of particular articles or commodities, or groups of articles or commodities. Upon the issuance of any such license each corporation subject thereto shall be deemed a separate and independent licensee.

(c) Unless otherwise specified in a license every condition contained therein shall become effective immediately upon issuance. The Commission may at the time of the issuance of any license provide therein that any or all of its conditions shall become effective on any date or dates within 3 months after such issuance.

Sec. 7. It shall be unlawful and an unfair method of competition within the meaning of the Federal Trade Commission Act, approved September 26, 1914, for any corporation engaged in commerce to carry on such commerce without conforming to the requirements specified in the licensing conditions stated in sections 4 and 5 thereof, where the effect in or upon commerce may be to give to corporations not so conforming a substantial advantage in competition with corporations which do so conform.

Whenever the Commission shall have reason to believe that any corporation engaged in commerce is not conforming to the conditions of fair competition above required, or shall have reason to believe that any article or commodity is being produced, manufactured, processed, or distributed to retail dealers by any person who is not licensed under this act, in such manner as to interfere with the effective handling of similar articles or commodities by any licensee, or in such manner as to give to the articles or commodities so produced, manufactured, processed, or distributed competitive advantages over similar articles or commodities handled by licensees, thereby tending to defeat the purpose of this act by impairing standards of employment and wages established for such licensees, and if it shall appear to the Commission that a proceeding by it in respect thereof would be in the interest of the public, it shall issue and serve upon such corporation or person a complaint stating its charges in that respect, and containing a notice of a hearing upon the day and at a place therein fixed, at least 30 days after the service of such complaint. The person so complained of shall have a right to appear at the place and time so fixed and show cause why an order should not be entered by the Commission subjecting him to the provisions of this act. Any person may make application, and upon good cause shown may be allowed by the Commission, to intervene and appear in said proceedings by counsel or in person. If upon such hearing the Commission finds that the charges specified in such complaint are supported by evidence it shall issue and cause to be served on such person an order subjecting him to the provisions of this act. Findings of fact by the Commission, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the Commission are arbitrary or capricious. The Commission may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside in whole or in part, any order issued by it under this section, and any such order may, upon petition of the person or persons to whom such order is directed, be reviewed, in the same manner, so far as applicable, as is provided in the case of an order issued by the Commission under section 5 of the Federal Trade Commission Act, as amended. As used in this section, the term "person" includes an individual, a partnership, an association, or a corporation.

REVOCATION OF LICENSES

Sec. 8. (a) If any licensee violates any effective condition of its license the Commission, after due notice and opportunity to be heard, may revoke such license.

(b) The Commission may reissue any revoked license upon presentation of satisfactory evidence of the willingness and capacity of the licensee applying for reissuance to comply with the conditions contained in such license, and upon the making of suitable restitution as determined by the Commission by such licensee to parties adversely affected by the violation for which the license was revoked.

(c) Any party aggrieved by any action of the Commission in revoking or failing to issue or reissue a license may petition any circuit court of appeals of the United States in the circuit in which said party resides or transacts business for a review of said action of the Commission. A copy of said petition shall forthwith be served upon the Commission and thereupon the aggrieved party shall file in the court a transcript of the entire record in the proceeding, certified by the Commission, including the pleading and testimony upon which the action complained of was based and the findings and order of the Commission. Upon such filing, the court shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside in whole or in part the action of the Commission or directing it to reissue the license revoked. No objection that has not been urged before the Commission shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances. At the earliest convenient time the court shall hear and determine the appeal upon the record before it and shall have power, upon such record, to enter a judgment affirming or reversing the decision of the Commission, and, in event the court shall render a decision and enter an order reversing the decision of the Commission, it shall remand the case to the Commission to carry out the judgment of the court: *Provided, however*, That the review by the court shall be limited to questions of law and that findings of fact by the Commission, as supported by evidence, shall be conclusive unless it shall clearly appear that the findings of the Commission are arbitrary or capricious. The court's judgment shall be final subject, however, to review by the Supreme Court of the United States upon writ of certiorari, or petition therefor, under section 347 of title XXVIII of the Judicial Code, by appellant, by the Commission, or by any interested party intervening in the appeal. If either party shall apply to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the

hearing before the Commission, the court may order such additional evidence to be taken before the Commission to be made a part of the transcript. The Commission may modify its findings as to the facts, or make new findings, by reason of additional evidence so taken and filed, and it shall file such modified or new findings, which, if supported by evidence, shall be conclusive, unless it shall clearly appear that the findings of the Commission are arbitrary or capricious, and shall file its recommendations, if any, for the modification or setting aside of its original action. The jurisdiction of the court shall be exclusive and its judgment and decree shall be final, except that the same shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

(d) The commencement of proceedings under subsection (c) shall not, unless specifically ordered by the court, operate as a stay of the Commission's order.

Sec. 9. (a) Every contract entered into by the United States or any of its agencies or instrumentalities with any corporation for supplies, mined, produced, or manufactured in the United States or for the construction of works, shall provide and require that the contractor shall comply with all of the provisions of this act.

(b) No loan or advance shall be made or approved by any department, agency, or instrumentality of the Government to any corporation engaged in commerce which has failed to obtain a license under the provisions hereof.

INVESTIGATIONS

Sec. 10. (a) The Commission may require any corporation subject to any license or agreement issued or approved under this act to submit accurate reports, truthful and responsible answers to interrogatories, and to keep such accounts or systems of accounts, and to permit such access to all books and records within the control of such corporation (including books and records of any affiliate or subsidiary) as the Commission may deem necessary to effectuate the purposes of this act.

(b) The Commission may, in its discretion, make such investigations as it deems necessary to determine whether any corporation has violated or is about to violate any provision of this act or of any license, agreement, or rule, or regulation thereunder, or whether any license or agreement under this act is effectuating the declared policy of this act, and may require or permit any corporation to file with it a statement in writing, under oath or otherwise, as it shall determine, as to all the facts and circumstances concerning the matter to be investigated. The Commission is authorized, in its discretion, to publish information concerning any such violations or to investigate any facts, conditions, practices, or matters which it may deem necessary or proper to aid in the enforcement of the provisions of this act, in the prescribing, approval, issuance, or enforcement of any license, agreement, rule, or regulation thereunder, or in securing information to serve as a basis for recommending further legislation concerning the matters to which this act relates.

(c) The Commission, for the purpose of any such investigation or any other proceeding under this act, and for the purpose of exercising its functions and powers under section 3, is empowered to administer oaths and affirmations and to require by subpoena the attendance and testimony of licensees, their officers, agents, creditors, and business associates, and the production of all their books and records relating to any matter under investigation. Such attendance of licensees, their officers, agents, creditors, and business associates, as witnesses and the production of any such books and records may be required from any place in the United States at any designated place of hearing.

(d) In case of contumacy by or refusal to obey a subpoena issued to any licensee, its officers, agents, creditors, or business associates, the Commission may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such licensee or such person under subpoena resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books and records. Such court may issue an order requiring such licensee or person to appear before the Commission, there to produce books and records, if so ordered, or to give testimony touching the matter under investigation or in question, and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such licensee or person is an inhabitant or wherever he may be found. Any person who shall, without just cause, fail or refuse to attend and testify or to answer any lawful inquiry or to produce books and records, if in his power so to do, shall be guilty of a misdemeanor and, upon conviction, shall be subject to a fine of not more than \$1,000 or imprisonment for a term of not more than 1 year, or both.

(e) No person shall be excused from attending and testifying or from producing books and records before the Commission or in obedience to the subpoena of the Commission or in any cause or proceeding instituted by the Commission, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

(f) The several departments and bureaus of the Government shall furnish the Commission, upon request, all records, papers, and information in their possession relating to any of the provisions of this act.

SEC. 11. This act shall not apply to any common carrier of property, persons, or messages, any licensee, insofar as engaged in radio broadcasting subject to the Communications Act of 1934, to any banking corporation, any insurance corporation, any corporation engaged in publishing newspapers, magazines, or books, any corporation organized under the China Trade Act of 1922, or any corporation the majority of the stock of which is held by the United States, unless such corporation herein exempted shall, through stock ownership, voting trust or trusts, holding company or companies, or by any other device or means, direct or indirect, acquire, for the purpose of controlling or influencing the management of any corporation subject to this act, any interest in or control of any such corporation, in which case this act shall apply to such corporation.

RULES AND REGULATIONS

SEC. 12. The Commission is authorized to prescribe such rules and regulations, not inconsistent with the provisions of this act, as may be necessary to carry out the purposes of this act, and fees for licenses and for filing of agreements.

MODIFICATION AND AMENDMENT

SEC. 13. The Commission may, from time to time, after due notice and opportunity to be heard, cancel or modify any license, order, rule, or regulation issued under this act.

TITLE II

PROTECTION OF INVESTORS

SECTION 201. No corporation engaged in commerce shall be entitled to a license hereunder nor shall it engage in such commerce after January 1, —, unless it complies with the following conditions:

(1) It shall have its chief place of business and its executive offices, and the meetings of the board of directors or trustees shall be regularly held, within the State, Territory, or possession under the laws of which it is organized, and if organized under the laws of the District of Columbia it shall have its chief place of business and its executive offices, and the meetings of its board of directors or trustees shall be regularly held, in the said District.

(2) It shall have only such powers as are incidental to the business in which it is authorized to engage, and these powers shall not include any power to hold the stock of any other corporation unless it had such power on the date of the enactment of this act and unless such other corporation is a subsidiary of such corporation, nor shall it have any power outside of the jurisdiction of its incorporation which it does not have within such jurisdiction. A full accounting of the affairs of such subsidiary corporation shall be made annually to the stockholders of the parent corporation, and a full accounting of the affairs of the parent corporation shall be made annually to the stockholders of such subsidiary corporation, and a duly certified copy of all such accounts shall be filed with the Commission.

(3) All of its stockholders or members shall have an equal right to vote the number of shares held by them, respectively, at all stockholders' meetings and, for all directors, subject to any general limitation on the number of votes that may be cast by a single stockholder, notwithstanding any provision of its charter for the issuance of nonvoting stock: *Provided*, That no other corporation or association shall be entitled to any such vote or voice, directly or indirectly, at any meeting of its stockholders, except that the stockholders of any such other corporation or association shall be entitled to cast their pro rata share of the stockholding of such other corporation. The owners of all nonvoting stock that may heretofore have been issued shall be notified by the corporation of this provision.

(4) No bonus or commission or emolument of any kind or character in addition to his regular compensation shall be paid to any officer or director of any such corporation except by vote of the stockholders at a regularly called meeting.

(5) Its stock shall be full paid, or payable in cash or in property or in services where the issuance of such stock for such property or services has been authorized upon application to a competent court and under its order finding upon competent and specific proof that such stock has been or is to be issued on a fair valuation of such property or services. It shall file with the Commission a certificate duly authenticated by its officers that by vote of the board of directors it intends to engage in commerce subject to all acts of Congress regulating such commerce or limiting or affecting the rights, powers, or duties of corporations and associations engaged therein.

(6) Any excess capital over and above the par value of the capital stock of any corporation, or over and above the actual value of stock issued without par value, outstanding at any time, shall be deemed the surplus of such corporation. The surplus of no corporation subject to this act, having more than — employees shall be permitted to exceed 50 percent of the value of its capital stock, and the indebtedness of such corporation at any time shall not exceed the value as herein fixed of its outstanding capital stock and surplus. Any surplus in excess of such amount shall be distributed in dividends to its stockholders unless the dividends paid to such stockholders in the next year preceding have amounted to 10 percent of the par value of such outstanding stock or, in the case of corporations having stock without par value, to 10 percent

of the value of nonpar stock outstanding as appraised and appearing on such corporation's financial statement, in which event under bylaws to be prepared by authority of the stockholders a suitable profit-sharing plan for the employees of such corporation shall be devised: *Provided*, That upon application by the corporation to a competent court it may be shown that such surplus is needed for a proper corporate purpose and may be so expended without endangering the minimum wage standards or the maximum hours of employment established by virtue of this act.

(7) When any such corporation shall have more than — stockholders, and stockholder of such corporation may deliver his proxy to any person who may be certified by the Commission and the Civil Service Commission as a duly accredited corporation representative. No person shall be entitled to act as such representative except after examination by the Civil Service Commission in corporation and commercial law and in corporate accounting. Such corporation representative shall be entitled to all the rights and privileges of the stockholder whose proxy he may hold with respect to the examination of the books and affairs of the corporation and the transaction of business at any meeting of the stockholders or any meeting of the board of directors in which said stockholder might himself participate. Such number of corporation representatives as the Federal Trade Commission may find necessary shall be certified in each State, and the compensation of such representatives shall be fixed by the Federal Trade Commission and shall be paid half by the corporation and half by the Federal Trade Commission. The Federal Trade Commission under rules and regulations upon which it shall agree with the Civil Service Commission may, for cause, revoke the certificate of any corporation representative, and if any person who has not received such a certificate or whose certificate shall have been revoked shall hold himself out as entitled to act in such capacity he shall be deemed guilty of a violation of law and upon conviction thereof by any court of record of the jurisdiction in which the offense was committed he shall be fined not more than \$1,000 for each such offense. Every corporation to which this paragraph is applicable shall notify all of its stockholders of the rights and privileges hereby granted.

SEC. 202. Every contract made in violation of this act shall be void, and no corporation or association shall bring or maintain any suit or proceeding in any court of the United States unless it is organized, conducted, and managed as required by the conditions imposed in section 5 of title I and section 201, title II, of this act, but this provision shall not prevent the removal to any court of the United States of any such suit or proceeding when the petition for such removal is filed by any party otherwise entitled to be heard in such court.

SEC. 203. No person or persons shall form, operate, or act as or for a corporation or association for the purpose or with the effect of violating this act, or conspire thereto and of himself or by a co-conspirator do any act or thing to effect such conspiracy.

SEC. 204. Every corporation, association, or person violating any of the provisions of this act shall, upon conviction thereof, in the case of a corporation or an association, be subject to a fine not exceeding — percent of its capital stock, or to a perpetual injunction against engaging in commerce, or both, and, in the case of a person, shall be subject to a fine not exceeding \$10,000, and, if the violation is willful with intent to defraud or to violate any act of Congress, to such fine and to imprisonment for not exceeding 5 years.

SEC. 205. No person shall be eligible to serve as an officer or director of any corporation subject to this act unless he is an actual owner of stock in the corporation. Unless otherwise provided herein, no director or officer shall be a stockholder or employee of any other corporation engaged in the same business, nor shall any such director or officer be a director, officer, or employee of any corporation which has advanced or loaned money or property to the corporation of which he is a director or officer. Every officer and director of any corporation subject to this act shall be a trustee of the stockholders of such corporation and shall be liable to such stockholders in actual and punitive damages for any money or property that may be paid or transferred to any other corporation in which he may be an officer or director or in which he may own more than 5 percent of the corporate stock or other securities. No officer or director of any corporation subject to this act shall, directly or indirectly, or by any device whatsoever take any profit to himself as a result of the trust reposed in him save only such compensation as may be regularly awarded to him by vote of the board of directors.

SEC. 206. As used in this title, the term "State" includes Hawaii, Alaska, Puerto Rico, the Virgin Islands of the United States, and the District of Columbia.

SEC. 207. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons and circumstances, shall not be affected thereby.

SEC. 208. This title shall take effect — years after the date of its enactment.

SEC. 209. The right to alter, amend, or repeal this act, or any part thereof, is hereby expressly reserved.

SEC. 210. This act may be cited as the "Corporation Licensing Act of 1937."

AGRICULTURAL RELIEF—AMENDMENTS

Mr. BILBO submitted an amendment intended to be proposed by him to Senate bill 2787, the agricultural relief bill, which was ordered to lie on the table and to be printed.

Mr. JOHNSON of California (for himself and Mr. McAdoo) submitted several amendments intended to be proposed by them jointly to Senate bill 2787, the agricultural relief bill, which were ordered to lie on the table and to be printed.

ADDITIONAL COPIES OF HEARINGS ON REORGANIZATION OF THE JUDICIARY

Mr. ASHURST submitted the following resolution (S. Res. 201), which was referred to the Committee on Printing:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on the Judiciary of the Senate be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies each of parts 1 and 2 of the hearings held during the first session of the Seventy-fifth Congress before the Committee on the Judiciary of the Senate on the bill (S. 1392) to reorganize the judicial branch of the Government.

COMMITTEE SERVICE

On motion of Mr. BARKLEY, and by unanimous consent, it was

Ordered, That the Senator from Rhode Island [Mr. GREEN] be excused from further service on the Committee of Post Offices and Post Roads and that he be assigned to service on the Committee on Foreign Relations; that the Senator from Colorado [Mr. JOHNSON] be assigned to service on the Committee on Finance; that the Senator from Utah [Mr. THOMAS] be assigned to service as chairman of the Committee on Education and Labor; that the Senator from Arkansas [Mr. MILLER] be assigned to service on the Committees on Military Affairs, Printing, Rules, and Territories and Insular Affairs; and that the Senator from Alabama [Mrs. GRAVES] be assigned to service on the Committee on Claims, Education and Labor, and Mines and Mining.

AGRICULTURAL PROGRAMS—ACTION BY THE NATIONAL GRANGE AND NATIONAL FARMERS' UNION

Mr. McNARY. Mr. President, I desire to amplify the RECORD by having printed therein the action by the National Grange taken at their seventy-first annual session at Harrisburg, Pa., November 10 to 18, 1937, with respect to farm legislation and kindred subjects.

I also ask to have printed in the RECORD the action of the National Farmers' Union setting forth their program and a letter addressed to me accompanying the program, which is very brief. I ask that they be printed following the statement of the action by the National Grange.

The VICE PRESIDENT. Is there objection?

There being no objection, the matters referred to were ordered to lie on the table and to be printed in the RECORD, as follows:

THE NATIONAL GRANGE, PATRONS OF HUSBANDRY,
Springfield, Mass., November 27, 1937.

HON. CHARLES McNARY,
Washington, D. C.

MY DEAR SENATOR: It is a pleasure to enclose for your information a concise summary of the recent session of the National Grange at Harrisburg, Pa., in which the principal transactions of that great gathering of rural people are itemized in quickly read form. Undoubtedly you will welcome this information, and quite possibly may like to keep it on file for future reference.

The declarations of the National Grange adopted at Harrisburg are in line with previous policies of the organization and express very clearly its attitude on the most important issues now before the Nation. Especially emphatic is the Grange program for agricultural recovery, and while it very definitely sets forth the needs of agriculture, you will be impressed with the fact that this organization always gives due consideration to all other classes and never seeks to build agricultural prosperity at the expense of other groups.

The Grange program is sound in principle and courageous in expression. We hope you will take time to read the enclosed summary rather carefully, because our membership of nearly 1,000,000 farm people stand squarely back of this program and will exert every effort for its accomplishment.

Yours very truly,

CHAS. M. GARDNER, Director.

ACTION BY THE NATIONAL GRANGE TAKEN BY THE SEVENTY-FIRST ANNUAL SESSION AT HARRISBURG, PA., NOVEMBER 10-18, 1937

At the seventy-first annual session of the National Grange, just ended at Harrisburg, Pa., every one of the 35 organized Grange States was represented, more than 12,000 alert farm people were in attendance, and the program adopted is a challenge to the Nation for all that is best in agriculture and in a satisfying rural life. Every one of the 9 days of the continuous session was devoted strictly to business, and the problems of agriculture were given serious attention by this oldest and strongest of all farm organizations.

The keynote of the Harrisburg session was unity—illustrated to a striking degree by a farm fraternity whose membership ap-

proaches the million mark, and whose jurisdiction reaches from coast to coast. In forceful language the National Grange declared its faith in the future and its emphatic belief that a restoration of sane thinking and acting will put the Nation once more firmly on its feet; warning in impressive terms that national prosperity will always be dependent upon such agricultural conditions as will give the farmer a fair share of the Nation's income, and permit for him and his family a standard of living comparable with other classes of the American people.

Notwithstanding the wide divergence of interests and opinions inevitably present in a national convention, the Grange was able to formulate such a program that although its 12-point declaration embraces all the major angles of the agricultural problem, its acceptance was accomplished without a single roll call. While opinions were openly expressed, they were happily free from partisanship and bitterness, and criticism of existing conditions was seldom uttered, notwithstanding that the program adopted by no means endorses all the projects which have been undertaken in the name of "farm relief."

Particularly significant was the Grange position on such timely questions as soil conservation, rural electrification, reasonable commodity loans and crop insurance; funds for vocational education; elimination of gambling and instruction in the evil effects of booze and narcotics; a demand for speedy balancing of the Federal Budget and for economy and efficiency in all branches of Government; emphasis upon the family-sized farm and a demand for the separation of the Extension Service from any farm organization. Especially noteworthy was the Grange declaration against farm regimentation of any sort, while its peace platform, embodying strict neutrality, avoiding entangling alliances, taking the profits out of war, and maintaining armament adequate for defense will attract far-reaching attention and will win well-nigh unanimous approval.

Almost 7,000 members of the organization were initiated into the highest degree of the Grange at Harrisburg, and by an overwhelming vote National Master Louis J. Taber was reelected and his leadership of the past given vigorous endorsement, while the Grange policies which he has advocated were heartily applauded. Mr. Taber now enters upon his fifteenth consecutive year as master of the National Grange and is everywhere recognized as the leading farm spokesman of the present time, universally supported by his great membership.

Below will be found a concise statement of the farm program which the Grange adopted at Harrisburg, together with a summary of Grange support for and opposition to various pending questions, of interest alike to agriculture and to all other classes of the American people. By these declarations, which will be vigorously backed up by all Grange units in the Nation, the Grange maintains its place of significant leadership in behalf of agriculture and rural interests, and its constructive program below outlined is entitled to careful study.

CONSTRUCTIVE FARM PROGRAM FAVORED BY THE NATIONAL GRANGE

Stressing unity as the keynote of progress for agriculture and for the country, the National Grange seeks to promote the welfare of all farmers, but recognizes that certain groups—such as cotton, wheat, and tobacco growers and dairymen—have problems that call for specific action. The Grange believes that farmers in each group should themselves determine the program best suited to their necessities; and it opposes any move that would deprive them of this right. With its broad view of agriculture and its needs, the National Grange submits the following 12-point program to achieve helpful objectives for the farm people:

1. Give the American farmer equality of opportunity and a chance to obtain a fair share of the national income.
2. Permit no legislation to be enacted which will result in either immediate or eventual regimentation of the American farmer.
3. Restore the American market to the American farmer, to the limit of his ability to produce efficiently; with no curtailment of crop production that will place him at a disadvantage; limiting imports to those products which he cannot supply, and guaranteeing equal protection with labor and industry under the tariff; with speedy repeal of such reciprocal-trade treaties as are proving harmful to the farmer.
4. Continue the soil-conservation program to help the farmer improve his land and diversify his crops, but not as a means toward production control.
5. Insist that with crops of which there are exportable surpluses and for which marketing agreements are undertaken, the program shall be adopted only after vote of farmers affected, with complete control remaining in their hands; reasonable commodity loans, based on warehouse receipts, to be made available to assist in orderly marketing.
6. Protect the family-sized farm in soil-conservation benefits and taxing, on the same principle which provides exemptions for small incomes—always basing taxation upon ability to pay.
7. Foster cooperation among farmers and farm organizations as a means of solving their problems; cooperation to be successful must be based upon sound business principles—one member—one vote—efficient management and absolute control by farmers themselves.
8. Make the Extension Service more helpful to agriculture by—
 - (a) Separating this tax-supported service and participation in its benefits from any farm organization.
 - (b) Relieving county agricultural agents of administration burdens so that they may devote all their time to the purpose for which the service was established.

(c) Providing ample funds for agricultural extension, education, and research.

9. Make the Farm Credit Administration of continuing benefit to farmers by—

(a) Creating a bipartisan board, with terms of members staggered, to administer farm credit.

(b) Revising interest rates on farm loans downward, where farm-loan bonds have been refunded at lower rates.

(c) Providing farm credit at lowest rates consistent with sound business principles.

10. Balance the Federal Budget and insist upon economy and efficiency in local, State, and Federal Government; eliminate and forbid duplication of public services; protect the taxpayer and always keep in mind that for everything asked from the Government the taxpayers must settle the bill.

11. Foster cooperation and good will between government, labor, industry, and agriculture; build confidence so that recovery may go forward, the wheels of industry may turn faster, more people be employed, and greater consuming power be created.

12. Encourage world peace by strict neutrality and avoiding entangling alliances or wars of aggression; provide armament adequate for national defense; take the profits out of war by conscripting wealth and industry as well as manpower.

THE NATIONAL GRANGE FAVORS

Continued program for improved farm-to-market roads and construction of low-cost gravel roads on mail routes where more expensive type construction is not practicable.

An adequate system of sound, workable crop insurance.

Lowest possible interest rates for farmers consistent with sound loan principles.

Support of farmer-owned and farmer-controlled cooperatives for buying and selling.

Extension of rural electrification privileges as rapidly as possible, with increased appropriations as fast as they can be wisely used.

Strengthening of marketing agreements and maximum effort to bring producer and consumer into closer relations for mutual benefit.

Stimulating industrial uses for various farm products for the purpose of eliminating the surplus of such farm products.

A far-reaching program to conserve the forests and wildlife of the Nation; such activities always administered within the Department of Agriculture.

Protection of the dairy industry by placing heavier duties on the importation of oils, fats, and nuts coming into direct competition with such products in the United States.

A sound currency, based on a dollar of constant purchasing and debt-paying value.

A graduated land tax to discourage excessive land ownership and speculation.

Grouping of agricultural bureaus and other Federal agencies within the Department of Agriculture.

Keeping all semijudicial bodies—like the Interstate Commerce Commission and the Federal Trade Commission—absolutely free from legislative, administrative, or political control.

Administration of relief by local agencies as far as possible.

Adequate weed control through the use of the most scientific eradication methods.

Inclusion of county, State, Federal, and other public officials, not excepting the judiciary, within the requirement to pay Federal income taxes.

More attention to vocational agriculture, 4-H Club work, Future Farmers, and similar youth encouragement.

More severe laws and penalties to protect farmers and ranchmen from thefts of poultry and livestock.

Registration of aliens and deportation of all who refuse to become naturalized within a reasonable period.

An adequate excise tax on tapioca, sago, and cassava starches now entering this country duty free.

Amendments to improve administration of social-security set-up and similar Government agencies.

Education in public schools and otherwise on the dangerous effects of narcotics and intoxicating liquors.

Severe penalties for motorists who drive while intoxicated.

Enactment of a truth-in-fabrics law at earliest possible date.

Keeping farm organizations independent of Federal subsidy and political support, with sole reliance placed upon a self-help program, independently maintained.

THE NATIONAL GRANGE OPPOSES

Diversion of the gasoline tax or other motor revenues to any purpose apart from the building and maintenance of highways.

Transfer of the Forestry Department from the Department of Agriculture to the Department of the Interior and the creation of a national department of conservation.

The pending "train length" railway bill and such other restrictive requirements in transportation as may result in higher freight rates on the handling of farm products.

Depriving the United States Supreme Court of the power to pass on constitutionality of acts of Congress.

Ratification of the Argentine Sanitary Pact, with its threat of another outbreak in this country of the foot-and-mouth disease among livestock.

The spread of legalized gambling and the operation of any play or game of chance for gambling purposes.

Admission of Hawaii to statehood.

All advertising of alcoholic beverages by newspapers, periodicals, radio, or other publicity methods.

Continued issuance of tax-exempt securities.

Further importation of dried eggs by the imposition of an excise tax on such products.

In vigorous terms at Harrisburg the National Grange reaffirmed its belief in the Constitution of the United States, expressed its continuing faith in the Supreme Court, and endorsed its program of the past year in maintaining the independence of the judiciary.

Its approval of a comprehensive flood-control program emphasized the long-established principle of maintaining the rights of the States in the control of their rivers and tributaries.

The session voiced the danger resulting from widely conflicting traffic signals and motor regulations, and urged the cooperation of municipalities and States in working out a program of uniformity designed to reduce the frightful casualty list on the highways of the United States.

The Grange pleaded for increased relations of tolerance and cooperation between agriculture, industry, and labor, and pledged the support of this great farm organization to sound projects of improvement, particularly in cooperation with church, school, and other groups, in an energetic program aimed to benefit all classes, as well as to protect the farmer, his industry, and his family.

THE FARMERS' WASHINGTON SERVICE,
Washington, D. C., November 24, 1937.

HON. CHARLES L. McNARY,

United States Senator, Washington, D. C.

MY DEAR SENATOR: Having just returned from the national convention of the Farmers' Educational and Cooperative Union of America, which was held at Oklahoma City, Okla., November 16, 17, and 18, 1937, I am pleased to submit to you a copy of the National Farmers' Union program as adopted by the convention.

The complete text of the resolutions is quite lengthy; the enclosed program expresses the real position of the Farmers' Union on national legislation.

If I can be of further service, please feel free to call on me.

Respectfully yours,

EDW. E. KENNEDY.

THE NATIONAL FARMERS' UNION PROGRAM

The Farmers' Educational and Cooperative Union of America was organized with the definite aim of becoming a medium whereby farmers might do as a group what it is impossible for them to do individually—of educating farmers to the forces, social and economic, which influence their business and their welfare, and of building a cooperative business structure whereby the just share of the wealth created by farmers might be retained by them, and of giving economic power and vocal expression to American agriculture.

These purposes are expressed in the name, Farmers' Educational and Cooperative Union of America. Conditions existent in America today force upon us the realization that we as an organized group must unite upon a militant program of action; that we must adopt a positive rather than a negative attitude toward the solution of problems confronting our industry.

Therefore we again reiterate the stand taken at previous conventions and recommend the following program:

1. Cost of production, including a reasonable profit for farmers through the regulation of minimum prices and marketing.

2. Providing and protecting the home market for American farmers.

3. Refinancing of farmers' indebtedness at low interest, amortized repayment plan, funds provided by Government issue of currency.

4. Restoration to Congress of the power to coin and regulate the value of money.

5. Taxation based on ability to pay.

6. Abolish the system of issuing tax-exempt Government bonds.

7. Constitutional authority for the initiation of legislative measures by the citizens.

8. Protection of and assistance to bona fide farmers' cooperatives.

9. The conservation of our natural water resources, the preservation of peace, and the encouragement and protection of home ownership.

TAX PROBLEMS—ADDRESS BY SENATOR HARRISON

[Mr. BYRNES asked and obtained leave to have printed in the RECORD a radio address on the subject of Tax Problems delivered by Senator HARRISON over the National Broadcasting Co.'s network on November 29, 1937, which appears in the Appendix.]

FOREIGN TRADE POLICY—ARTICLE BY OSCAR B. RYDER

[Mr. HARRISON asked and obtained leave to have printed in the RECORD an article on the subject, The Foreign Trade Policy of the United States, by Oscar B. Ryder, a member of the Tariff Commission, published in the Political Quarterly, of London, England, October-December issue, 1937, which appears in the Appendix.]

AMERICA'S ALOOFNESS—EDITORIAL FROM THE NEW YORK TIMES

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an editorial entitled "America's Aloofness," pub-

lished in the New York Times, Tuesday, November 30, 1937, which appears in the Appendix.]

FEDERAL AID FOR HIGHWAYS (H. DOC. NO. 407)

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, which will be read.

The message was read, referred to the Committee on Post Offices and Post Roads, and ordered to be printed, as follows:

To the Congress:

By the act of June 16, 1936, the Congress authorized appropriations totaling \$216,500,000 for each of the fiscal years 1938 and 1939 for Federal-aid highways, secondary or feeder roads, elimination of grade crossings, forest highways, roads, and trails, and highways across public lands, to be administered by the Department of Agriculture. This act also authorized appropriations totaling \$21,500,000 for each of the fiscal years 1938 and 1939 for roads and trails within national parks, for parkways to give access to national parks and form connecting sections of a national parkway plan, and for Indian reservation roads, to be administered by the Department of the Interior. Under the first category there has been appropriated to date on account of the authorizations for the fiscal year 1938 a total of \$24,500,000, and under the second category a total of \$13,500,000, or a grand total of \$38,000,000, leaving \$200,000,000 still to be appropriated for that fiscal year. To meet obligations under this \$200,000,000 of outstanding authorizations, I propose to include an estimate of appropriation of approximately \$100,000,000 in the Budget for the fiscal year 1939, with the balance to be provided for 1940. This takes care of the authorizations for the fiscal year 1938 and leaves for consideration the authorizations of \$238,000,000 for the fiscal year 1939.

In view of the large amounts which have been contributed by the Federal Government, particularly during the past 5 years, for the construction of public roads, and because of the necessity for taking definite steps to reduce expenditures for the purpose of securing a balanced Budget, I recommend that the Congress adopt the following policies:

First. Provide for the cancellation of the 1939 authorizations prior to January 1, 1938, by which date the Secretary of Agriculture is required to apportion to the various States \$214,000,000 of such authorizations.

Second. Limit to not more than \$125,000,000 per annum all public-roads authorizations for the fiscal year 1940 and for each of the next few succeeding years.

Since the enactment of the first Federal Aid Highway Act in 1916, there has been appropriated for public highways, including allotments from emergency appropriations, more than \$3,100,000,000, of which amount \$1,490,000,000 has been made available during the last 5 years. This annual average for the past 5 years of \$298,000,000 contrasts with an annual average of less than \$100,000,000 for the 5-year period preceding the depression.

There is another provision of the existing law relating to public roads which should receive consideration in this connection. The Secretary of Agriculture is required to apportion to the States the annual amount authorized for appropriation and to approve projects of proposed State expenditures thereunder which shall constitute contractual obligations of the Federal Government, regardless of the availability of appropriations for their payment and of the fiscal outlook of the Treasury. This mandatory provision completely ties the hands of the Executive as to the amount of road funds to be included in the Budget for any fiscal year. While I do not object to the apportionment among the States of such amounts as may be authorized for appropriation, I do most strenuously object to the mandatory incurrence of obligations by the Federal Government under such apportionments without regard to its ability to finance them from its revenues. I therefore recommend that the Congress take the necessary action permanently to eliminate this provision of our public-roads law.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 27, 1937.

The VICE PRESIDENT. When the Senate took a recess yesterday evening the Senator from Louisiana [Mr. ELLENDER] had the floor. The Chair recognizes that Senator.

Mr. HAYDEN. Mr. President, will the Senator from Louisiana yield to me for a brief discussion of the message which has just been read?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Arizona?

Mr. ELLENDER. I will gladly yield, provided I do not thereby lose the floor.

The VICE PRESIDENT. The Senator will not lose the floor for the present at least.

Mr. HAYDEN. The message which has just been submitted to the Senate recommends a material modification of the act to amend the Federal Aid Highway Act which became a law on June 16, 1936. As a member of the Senate Committee on Post Offices and Post Roads, I was one of the sponsors of the law which it is proposed to change. It is therefore appropriate for me to comment upon the message and to explain its implications as they appear to me.

As indicated in the message, that act authorized the expenditure of \$200,000,000 for each of the fiscal years ending June 30, 1938, and June 30, 1939, or a total of \$400,000,000 for Federal aid to be matched by the States for highway purposes. Under that authorization the Secretary of Agriculture has apportioned \$200,000,000 to the States for the current fiscal year. The Secretary is directed by the act to make a further apportionment on the 1st day of next January so that the States may know that after July 1, 1938, they may each depend upon receiving their proper share of the second \$200,000,000.

The President very properly points out that the Secretary of Agriculture has no discretion. The act is mandatory, so the Secretary must apportion the \$200,000,000 on that date because the law reads:

On or before January 1 of each year, the Secretary of Agriculture shall apportion among the several States, as provided in section 21 of the Federal Highway Act of 1921, the sums authorized for the fiscal year immediately following.

To give further assurance to the States that there shall be no possible question about their receiving this assistance from the Federal Treasury, the act repeats a guarantee which was first given by Congress in 1922 by creating a contractual obligation upon which they can depend with absolute certainty. I read further from the first section of the act of June 16, 1936:

When said apportionment has been made for any fiscal year, the State highway departments may submit projects to the Secretary of Agriculture for his approval. The Secretary of Agriculture shall act upon projects submitted to him under any such apportionment and his approval of any such project shall be deemed a contractual obligation of the Federal Government for the payment of its proportional contribution thereto.

The reason for this legislation is both simple and sound. The reason is so obvious that I cannot believe that the President was made to understand by his advisors that it would have the effect of breaking what in truth is a contract. A majority of the State legislatures—more than 40 of them—meet but once in 2 years. The Federal funds authorized to be expended are to match moneys raised by State taxation. In order that the legislatures may know what taxes to levy to meet Federal aid they are given at least 6 months' notice; that is, Congress since 1922 has passed bills covering 2-year periods in ample time so that when the legislatures meet they may know exactly what to expect.

That is what was done by the act of June 16, 1936. Forty-four State legislatures met in the present year, 1937, and had the assurance that in accordance with the Federal Highway Act, as set up originally in 1916, certain sums of money would be available to them during a 2-year period ending on June 30, 1939. It seems perfectly clear that, having established a contractual obligation between the Federal Government and the States, we cannot, between now and the 31st of December, consistently carry out the recommendations contained in the message by enacting what amounts to a repeal of the authorization during this special session of Congress.

Mr. McCARRAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Nevada?

Mr. HAYDEN. Certainly.

Mr. McCARRAN. Is it not true, in connection with the thought being expressed by the Senator, that many of the States, if not all of them, have already, pursuant to legislative enactment, complied with the highway program by fixing their tax rates and tax levies?

Mr. HAYDEN. That is what leads me to the belief that those who advised the President with respect to this matter did not convey full information to him.

Let us consider what would happen if the action recommended should be taken. There would be a withdrawal of a large part of the \$200,000,000 upon which the States have been led to believe, by this contractual obligation, they could depend. The legislatures have adjourned after having made complete provision to comply with their part of the contract. The State legislatures will not meet again in regular session until 1939. Each State would thus be collecting taxes from its people to match Federal aid, the proceeds of which could not be expended for the purposes for which the taxes were levied.

We are, therefore, forced to the conclusion that Congress must abide by the contract. There has been such a comparatively small change in the personnel of the Senate and the House of Representatives since June 1936 that I feel justified in expressing a grave doubt whether a majority of the membership of either body will deliberately repudiate a most solemn promise which they themselves have made to the very States which they represent.

There is one other provision of law to which I should like to invite the attention of Senators and which I feel sure was not brought to the attention of the President before he wrote this message. I refer to section 12 of the Highway Act, approved June 18, 1934, which reads as follows:

Since it is unfair and unjust to tax motor-vehicle transportation unless the proceeds of such taxation are applied to the construction, improvement, or maintenance of highways—

Let me repeat this principle which Congress has laid down:

Since it is unfair and unjust to tax motor-vehicle transportation unless the proceeds of such taxation are applied to the construction, improvement, or maintenance of highways, after June 30, 1935, Federal aid for highway construction shall be extended only to those States that use at least the amounts now provided by law for such purposes in each State from State motor vehicle registration fees, licenses, gasoline taxes, and other special taxes on motor-vehicle owners and operators of all kinds for the construction, improvement, and maintenance of highways and administrative expenses in connection therewith, including the retirement of bonds for the payment of which such revenues have been pledged, and for no other purposes, under such regulations as the Secretary of Agriculture shall promulgate from time to time: *Provided*, That in no case shall the provisions of this section operate to deprive any State of more than one-third of the amount to which that State would be entitled under any apportionment hereafter made, for the fiscal year for which the apportionment is made.

In other words, Congress provides by explicit declaration of law that any State in the Union which collects money from those who use the roads and does not spend it on the roads, may be penalized to the extent of one-third of its Federal aid.

This law is no dead letter. New Jersey has been actually penalized for diversion. Upon notice that the law would be enforced, Pennsylvania has restored over \$19,000,000 of diverted highway funds, and Maryland over \$3,000,000. The Georgia Legislature is now in special session to make a restoration, and I understand that Massachusetts is preparing to do so.

To consider this proposal in all of its aspects one must of necessity conclude that those who advised the President assumed that existing Federal taxes on those who use the roads would continue to be levied and that the sums saved by a failure of Congress to appropriate money for highway construction would be diverted to other uses when paid out of the Federal Treasury. If Congress should follow that policy, it would do the very thing it condemns and penalizes the States for doing. Before doing that, Congress must re-

peal this statute which was enacted in 1934 and say that a State shall not suffer any penalty for diverting its road funds because the Federal Government itself proposes to do that identical thing.

What are the revenues which the Federal Government collects from those who use the roads? I have here a tabulation which covers the period from 1916 to 1936, which is the entire life of the Federal Highway Act. In the 20 years there was collected by the Federal Government, from excise taxes relating to motor vehicles, a total of \$2,033,922,000. During the same two decades there was appropriated by Congress \$1,987,655,000. During that 20-year period we collected more from those who used the highways than the Federal Government expended upon the highways.

In the message now before the Senate the statement is made that during the last 5 years there has been appropriated for public highways, including allotments from emergency appropriations, the total sum of \$1,490,000,000.

I shall place in the RECORD a statement obtained from the Bureau of Internal Revenue showing the collections made from highway users during the past 5 years. Even in the period of depression, when the Federal Government was appropriating more money than ever before for highway construction, when \$1,490,000,000 was expended, there was collected \$1,337,000,000 from the motor-vehicle taxation, so that those who use the roads have practically paid the entire cost of all the work done with Federal funds on the roads, both for regular Federal aid and by way of emergency-relief expenditures. (See exhibit A.)

I also have a table showing the estimated sums of money that will be collected during the present fiscal year. These figures are taken from the annual report of the Secretary of the Treasury:

From gasoline, \$204,000,000.

From lubricating oils, \$33,300,000.

From tires and inner tubes, \$37,000,000.

From passenger automobiles and motorcycles, \$58,200,000.

From trucks, \$8,100,000.

From parts and accessories, \$9,300,000.

There will be collected into the Federal Treasury during this fiscal year \$349,900,000 from those who use the roads. As stated in the message, the regular highway program that is now set up under the act of June 16, 1936, is for \$238,000,000. So it is obvious that, with the arrangement as it now is, those who use the roads are more than paying for all the normal highway expenditures which Congress has authorized.

The test as to whether Congress shall reduce highway authorizations will come early in the next session of Congress. A revenue bill will be reported to the House of Representatives, it is hoped, by the 15th of January. If it is determined that Congress is to provide less money for Federal aid for good roads, then fairly, decently, in accordance with the solemn declaration Congress has made that it is unfair and unjust to divert highway taxes to other than highway purposes, Congress should reduce the excise taxes on those who use the roads. There is no other honorable way to proceed.

It will also be necessary during the next session of Congress to pass a Federal-aid authorization for the fiscal years ending June 30, 1940, and June 30, 1941. If the excise taxes on motor vehicles, gasoline, and oil are reduced or repealed, we can then cut our suit according to the cloth. We shall know what revenues are to be collected from those who use the roads, and Congress can then make a highway program to fit it.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BERRY in the chair). Does the Senator from Arizona yield to the Senator from Kentucky?

Mr. HAYDEN. I yield.

Mr. BARKLEY. I desire to see if I correctly understand the situation.

I understand that one of the complaints made by the President in his message is that under the law as it now exists, on the first of the year the Department of Agriculture is

compelled to tender to each State its proportionate part of \$214,000,000 which has not yet been appropriated, but which has been authorized.

Mr. HAYDEN. That is correct. A total of \$200,000,000 for Federal aid must be apportioned to the States and an additional \$14,000,000 for forest highways must be allocated.

Mr. BARKLEY. And I understand his position is that it would be more logical, and in the long run would work out better, if the Department of Agriculture were relieved of the requirement to make a tender prior to the appropriation of the money and wait until the money is appropriated, and then make a tender in proportion to the appropriation, because after they make the tender now under the authorization, of course, the State accepts that tender, and that constitutes a binding contract between the Government and the State which makes it obligatory that Congress pass that much money in the road fund for that year.

That is the situation, is it not?

Mr. HAYDEN. The Senator has correctly stated the observation made by the President in his message. Now let me explain why that procedure is followed.

The first Federal aid highway act was passed in 1916. It carried an appropriation for the ensuing year, and Congress followed that course up until 1922. By doing it in that way the States never knew what Federal help they were to receive until Congress had actually appropriated the money. Their legislatures might have adjourned without making adequate provisions to match the Federal funds. Congress finally realized, as anyone who studies the road-building problem must conclude, that good highway planning is something that must be done a long time in advance. For that reason, in order that the States might have ample notice, so that their legislatures might wisely act with respect to a highway program that would be carried out 2 or 3 years ahead, Congress, after very careful consideration, in 1922 adopted the policy of advance authorizations for Federal aid to highways.

There is a vast difference between an authorization by Congress upon which the States can depend and the actual amount of funds paid out of the Treasury. Money paid out of the Treasury is what unbalances the Budget, not mere authorizations. It is a fact that there is a lag of from 2½ to sometimes 4 years between the time that Congress authorizes highway expenditures and the time that the money must actually be paid out of the Treasury. Some States operate faster than others, but we must treat them all alike. If Congress were to suddenly cut down the Federal authorizations and appropriations there would be some States that would be close up with their highway programs, and they would get their full benefit. There would be other States that would be 6 months behind, others a year behind, others 2 years behind, and they would suffer unfair losses. Congress is dealing with 50 separate political entities—48 States and 2 Territories—that operate at different speeds at different times. That is the reason why Congress adopted a policy of giving them all ample notice and allowing them in their own good time and within reason—of course there is a limitation upon the authorizations; they will finally lapse—but, within reason, Congress allows each State to work out its problem as best it can considering its financial resources.

Let it always be remembered that the Federal money must be matched. Neither should we forget that over a period of 20 years the States have taxed their people and have actually expended more than twice as much money for highways as the Federal Government has done. The States must also pay all the costs of maintenance, which is a heavy burden. The States always have and always will carry the major part of the highway load. It was therefore in fairness to the States that Congress, after long and careful consideration, deliberately tied the hands of the Secretary of Agriculture. Congress said to him, "You must, on the 1st day of January of each year, make this apportionment of Federal aid to the States; and when it is once made and accepted by the States, it becomes a contractual obligation upon which they can absolutely depend. There can be no variance from it."

That action was not taken wantonly. It was not done with any desire to take away any prerogative or any discretion the Secretary of Agriculture might properly have. He could not be permitted by the Congress to have any option if faith is to be kept with the States. Any appropriation made by the Federal Government to be expended by its own agencies can be withdrawn, can be reduced, can be shifted to some other purpose; but when Congress is dealing with 48 States and 2 Territories, that are required to tax their people, there must be a provision of law which makes it certain that they will obtain the Federal funds set aside for any cooperative effort.

Mr. BARKLEY. Mr. President, will the Senator yield further at that point?

Mr. HAYDEN. I yield.

Mr. BARKLEY. Is it not also true that in addition to Congress tying the hands of the Secretary of Agriculture it tied its own hands? Because when this contract is entered into between the Secretary of Agriculture and the States, Congress either must automatically make the appropriation to fulfill that contract, or it must reduce it; and, if it reduces it, of course, it interferes with the program that has been worked out between the Department of Agriculture and the States. I think it is accurate to say that Congress has not yet refused to appropriate the money involved in the contracts entered into between the Secretary of Agriculture and the States.

Mr. HAYDEN. There has been no thought at any time of a failure by Congress to appropriate as much money as was needed to meet such contractual obligations.

Mr. BARKLEY. So, as it works out, it does to a very large extent automatically tie up Congress with respect to these appropriations that have been promised through this contract entered into.

Mr. HAYDEN. It is an obligation upon the entire Federal Government, both of the Congress and the executive department.

Mr. BARKLEY. And, so long as that remains the law, Congress will never have any discretion in deciding how much money shall be appropriated, unless it shall ultimately decide that it will not appropriate enough money to carry out the contracts that have been entered into.

Mr. HAYDEN. That is correct; and let me point out one other thing that most persons do not realize. The State is required to, first, do all the work. It is required to pay the contractors. After the work is done and after the contractors are paid, the Federal Government then reimburses the State for such work as has been accomplished.

Let me repeat that it would violate good faith to take any action at this special session of Congress with respect to the direction now given by law to the Secretary of Agriculture as to what he shall do on January 1, respecting the apportionment of Federal aid to the States. We should wait until the regular session of Congress, which will begin next month, to determine what revenues are to be collected from those who use the roads, and then make a highway program in accordance with the sums which may be obtained from that source. There is no other fair way to go about it, because, if Congress should do otherwise, the States would be without notice. If Congress should determine, as suggested by the President, that not more than \$125,000,000 is to be authorized for all Federal highway aid to the States in any year, and the States are advised of that change in policy a year in advance, they can then make their plans accordingly. I do not believe, however, that the Congress will confine such authorizations to \$125,000,000 unless not more than \$125,000,000 is to be collected from the tax on gasoline, automobiles, accessories, and other excise taxes imposed upon those who own automobiles and trucks.

Mr. BARKLEY. Mr. President, will the Senator yield further in that connection?

Mr. HAYDEN. I yield.

Mr. BARKLEY. Just for the RECORD, I think it ought to be stated that when the tax on gasoline was enacted it had no direct connection with building roads. The fact that the

Government had appropriated a large sum of money to build roads was used as an argument in favor of the tax; but the appropriation for roads had been in progress a long time before that tax was levied by the Federal Government.

What really happened was that when the Finance Committee and the Ways and Means Committee, at the beginning of the depression and prior to this administration, were looking around to get money to make up the deficit, they found themselves up a blind alley, needing about \$150,000,000, and they did not know where else to get it; so they used the gasoline tax as one means of raising the amount of money that was necessary to carry on the expenses of the Government. It was not enacted specifically for the purpose of using it to build highways.

Mr. HAYDEN. Undoubtedly Congress at that time had the same idea that many State legislatures have since adopted.

It was proposed to tax the motorist because it was apparently easy money to get. The final result is that the automobile is the heaviest taxed instrument of any kind in the United States, being burdened by Federal, State, county, and local impositions. Since the gasoline tax was levied, Congress has adopted a new policy by declaring that all such taxes are unfair and unjust unless expended for the improvement of highways.

Mr. President, I have trespassed upon the time of the Senator from Louisiana [Mr. ELLENDER] longer than I expected. I ask leave to include, as an appendix to my remarks, certain statements and tables that contain data relating to the issue which has thus been raised.

The PRESIDING OFFICER. Without objection, the statements and tables will be printed in the RECORD.

The statements and tables are as follows:

EXHIBIT A

Manufacturers' excise taxes relating to motor-vehicle collections by U. S. Bureau of Internal Revenue, fiscal years 1930-36

Fiscal year ended June 30	Manufacturers' excise taxes							Estimated amount of tax on lubricating oils not used by motor vehicles ¹	Total tax on road users	
	Gasoline, 1 cent per gallon ¹	Lubricating oils, 4 cents per gallon	Tires and inner tubes, 2½ and 4 cents per pound	Automobiles and motorcycles, 3 percent on price	Automobile trucks, 2 percent on price	Auto parts and accessories, 2 percent on price	Total		During year	Cumulative
1930										
1931										
1932										
1933	\$124,929,412	\$16,232,925	\$14,980,085	\$12,573,922	\$1,654,040	\$3,597,276	\$173,967,660	\$8,898,993	\$167,068,667	\$167,068,667
1934	202,575,034	25,254,987	27,630,145	32,526,753	5,048,435	5,695,713	298,731,067	10,551,406	288,179,661	455,248,328
1935	161,532,293	27,800,247	26,637,795	38,003,336	6,158,070	6,455,856	266,587,597	11,398,101	255,189,496	710,437,824
1936	177,119,042	27,102,831	32,207,982	48,200,855	7,000,280	7,110,188	298,741,178	11,406,334	287,334,844	997,772,668
1937	196,532,816	31,463,001	40,819,180	65,264,952	9,030,873	10,085,780	353,196,602	13,592,017	339,604,585	1,337,377,253
Total	862,688,597	127,853,991	142,275,187	196,569,818	28,891,698	32,944,813	1,391,224,104	53,846,851	1,337,377,253	

¹ Tax increased to 1½ cents per gallon from June 17, 1933, to Jan. 1, 1934, when it reverted to 1 cent per gallon.

² Based on estimates given on Automobile Facts and Figures, published annually by the Automobile Manufacturers' Association.

EXHIBIT B

[Extracts from the Senate report on the act of June 16, 1936]
Senate Report No. 1976 (74th Cong., 2d sess.). Federal Aid for Highways. April 24 (calendar day, April 30), 1936.—Ordered to be printed

Mr. HAYDEN, from the Committee on Post Offices and Post Roads, submitted the following report (to accompany H. R. 11687):

PURPOSES OF THE BILL

The bill, as favorably reported, will continue well-established Federal-aid highway policies through the fiscal year 1938 and 1939. Since 1916—through two decades—the States and the Federal Government have been working in excellent cooperation upon the gigantic task of providing our country with adequate highways. When this joint relationship was established, the significance of good roads to the social and economic life of the Nation was small when compared with the dimensions since attained. In these two decades from about 3,500,000 motor vehicles operating over our highways, the number has reached the amazing total of 26,000,000. A multitude of highway transportation services not known, or only tentatively indicated at that time, have now been built into the daily living of the American people.

This constantly increasing utilization of highway transportation is characterized by an equally increasing dependence upon its certainty and reliability, both of which demand a continuous and progressive program of highway improvements. The participation of the Federal Government in planning and financing the Federal-aid highway system is therefore one of its most important constructive activities.

There can be no question as to the desirability of enacting legislation by the Congress so that these orderly processes of both Federal and State government shall be permitted to function in the highest advantage. The best results cannot be obtained through measures affecting practically every community in the United States, if the actions required are forced into an emergency status and characterized by lack of thoroughness or by inadequate preparation.

The imperative need for consideration of this measure at this session of Congress lies in the fact that 44 of the State legislatures will meet in regular session in 1937. Forty of these assemble only biennially. The State highway budgets must be prepared during the fall months prior to the beginning of these sessions early next year. The States should, and must, if they are to act with certainty, have knowledge of definite approval by Congress of this bill in order to make provision for their participation in the continuing highway construction program.

REGULAR FEDERAL AID

Section 1 of the bill provides an authorization for the appropriation of \$125,000,000 for each of the fiscal years ending June 30, 1938, and June 30, 1939. The policy of Federal aid is to be continued at the same rate which has been in effect since 1931, except for the 2 years 1934 and 1935, when no Federal-aid authorization was made because of the large emergency grants of Public Works funds for highway purposes which amounted to \$400,000,000 in the fiscal year 1934 and \$200,000,000 in the fiscal year 1935.

The following tabulation presented at the hearings by the American Association of State Highway Officials shows how an authorization of \$125,000,000 is apportioned among the States. It is not always realized that the Federal Highway Act limits the obligation of the Federal Government to contributions toward the payment of construction costs only, the burden of maintenance being entirely upon the States. This table also shows that the annual cost of maintaining roads within the State highway systems is greater by over \$50,000,000 each year than the Federal aid received.

Regular Federal-aid apportionment, compared with regular State maintenance

State	Federal-aid apportionment	Regular State maintenance 1934
Alabama	\$2,604,320	\$1,823,000
Arizona	1,781,347	971,000
Arkansas	2,142,723	1,622,000
California	4,756,959	7,661,000
Colorado	2,288,811	1,330,000
Connecticut	791,253	2,961,000
Delaware	609,375	370,000
Florida	1,655,723	4,041,000
Georgia	3,168,221	1,221,000
Idaho	1,531,162	958,000
Illinois	5,160,696	4,180,000
Indiana	3,087,613	4,618,000
Iowa	3,251,718	2,563,000
Kansas	3,317,054	2,895,000
Kentucky	2,304,143	3,343,000
Louisiana	1,776,939	1,941,000
Maine	1,060,167	3,949,000
Maryland	1,025,870	1,881,000
Massachusetts	1,741,877	2,922,000
Michigan	3,837,292	4,932,000
Minnesota	3,423,306	5,510,000
Mississippi	2,196,524	2,044,000
Missouri	3,800,856	4,536,000
Montana	2,560,449	1,558,000

Regular Federal-aid apportionment, compared with regular State maintenance—Continued

State	Federal-aid apportionment	Regular State maintenance 1934
Nebraska	\$2,581,663	\$3,001,000
Nevada	1,595,501	567,000
New Hampshire	609,375	2,837,000
New Jersey	1,675,751	2,477,000
New Mexico	1,999,299	950,000
New York	6,150,106	8,752,000
North Carolina	2,938,657	7,213,000
North Dakota	1,900,162	1,280,000
Ohio	4,565,435	11,997,000
Oklahoma	2,947,521	2,172,000
Oregon	2,044,633	2,549,000
Pennsylvania	5,348,062	22,693,000
Rhode Island	609,375	1,103,000
South Carolina	1,692,896	1,404,000
South Dakota	2,036,775	917,000
Tennessee	2,638,159	1,496,000
Texas	7,777,504	8,814,000
Utah	1,410,752	1,134,000
Vermont	609,375	649,000
Virginia	2,278,475	10,632,000
Washington	1,949,957	2,674,000
West Virginia	1,356,793	5,787,000
Wisconsin	3,045,557	4,544,000
Wyoming	1,559,444	627,000
Hawaii	609,375	
Total	121,875,000	175,815,000

FOREST HIGHWAYS, ROADS, AND TRAILS

Your committee recommends that section 2, which authorizes appropriations for forest highways, roads, and trails, be amended to provide \$20,000,000 for each of the fiscal years 1938 and 1939 instead of \$10,000,000 as proposed by the House of Representatives. The regular annual authorizations for this purpose in recent years have varied between \$10,000,000 and \$12,500,000 to which \$25,000,000 of emergency Public Works funds were also made available in 1934 and 1935.

The 142 national forests and the 97 approved purchase units, located in 40 States, Alaska, and Puerto Rico, have an area of 350,270 square miles or approximately equal to the total area of all of the 13 States on the Atlantic coast from Maine to Georgia. The road system of the forest reserves consists of approximately 20,000 miles of forest highways, of which about one-half has been constructed to reasonably satisfactory standards within the past 20 years. About 100,000 miles of forest development roads and truck trails have been planned, of which 43,000 miles have been fairly well completed.

Your committee recommends that two-thirds of the \$20,000,000 be used to build forest highways and one-third for development, roads, truck trails, and trails. With annual appropriations of \$13,333,000 it will be 15 years before an adequate forest-highway system is completed. At the rate of \$6,667,000, including maintenance, it will require more than 30 years to construct the road and trail system needed to properly protect the national forests from fire and to bring about the best use of the forest resources under a sound national conservation policy.

It must not be forgotten that forest highways are built with a prior agreement that when constructed they will be maintained by the State or county authorities beginning 2 years after completion. At present over 8,300 miles of such highways are being maintained without expense to the Federal Government at an annual cost of over \$2,000,000. There is also almost invariably a requirement of some measure of State or local contribution toward the original construction of forest highways, the total of which now aggregates more than \$23,000,000.

SECONDARY OR FARM-TO-MARKET ROADS

Section 7 is a new departure in regular Federal highway legislation which authorizes to be appropriated the sum of \$25,000,000 for the fiscal year ending June 30, 1938, and the sum of \$25,000,000 for the fiscal year ending June 30, 1939, for secondary or feeder roads. These roads are defined to include farm-to-market roads, rural free delivery mail roads, and public-school bus routes. There is no departure, however, from the principle that Federal assistance to secondary roads shall be on the same basis as the congressional appropriations for the primary roads. Each State is required to match its apportionment and the work is to be carried out under the direction of its State highway department.

Federal highway legislation has from its inception consistently adhered to cooperation with each State through its State highway department, and any other course is wholly impracticable. It would jeopardize the Federal relationship to the 48 States if the Federal Government were to deal directly with the 3,100 counties upon highway matters. In the recognition of secondary roads in Federal highway legislation there must be insistence upon the acceptance of the administration of these funds through a single State agency. The State highway departments of many of the States do not now have authority to administer secondary roads, and consequently the legislatures will have to promptly amend their laws to provide funds and proper authority to the State

highway departments if advantage is to be taken of this authorization after July 1, 1937.

In future years, as the main roads on the Federal-aid system are brought to completion, it may be reasonably expected that congressional appropriations for such highways will be reduced, thereby permitting greater Federal assistance toward the building of farm-to-market roads. In the meantime there will be opportunity to determine the relative importance of over 2,000,000 miles of secondary roads with respect not only to priority of construction but also proper location and type of surfacing. The large sums of money now being expended by the Works Progress Administration, while exceedingly helpful in improving rural roads throughout the entire Nation, will cease to be available as unemployment decreases. There must be long-continued and skillfully directed effort "to get the farmer out of the mud."

As in the case of regular Federal aid, the sums made available for secondary or feeder roads will be apportioned among the States, one-third on population, one-third on area, and one-third on the mileage of post roads. The amount apportioned to each State from an authorization of \$25,000,000 is as follows:

Approximate apportionment of \$25,000,000 for secondary or feeder roads (H. R. 11687)

	Amount
Alabama	\$520,000
Arizona	360,000
Arkansas	430,000
California	950,000
Colorado	460,000
Connecticut	160,000
Delaware	120,000
Florida	330,000
Georgia	630,000
Idaho	310,000
Illinois	1,030,000
Indiana	620,000
Iowa	650,000
Kansas	660,000
Kentucky	460,000
Louisiana	360,000
Maine	220,000
Maryland	200,000
Massachusetts	350,000
Michigan	680,000
Minnesota	770,000
Mississippi	440,000
Missouri	760,000
Montana	510,000
Nebraska	520,000
Nevada	320,000
New Hampshire	120,000
New Jersey	330,000
New Mexico	400,000
New York	1,230,000
North Carolina	590,000
North Dakota	390,000
Ohio	910,000
Oklahoma	590,000
Oregon	410,000
Pennsylvania	1,070,000
Rhode Island	120,000
South Carolina	340,000
South Dakota	410,000
Tennessee	530,000
Texas	1,560,000
Utah	280,000
Vermont	120,000
Virginia	460,000
Washington	390,000
West Virginia	270,000
Wisconsin	610,000
Wyoming	310,000
Hawaii	120,000

ELIMINATION OF GRADE CROSSINGS

Section 8 authorizes an appropriation of \$50,000,000 for grade-crossing improvements for the fiscal year 1938 and the same amount for the following fiscal year. Under the 1935 Emergency Relief Act, \$200,000,000 was allocated for the elimination of hazards at railroad grade crossings. That program is now well under way. Plans have been approved for specific projects which will cost \$103,000,000 and contracts have been awarded in the amount of \$65,000,000. It is apparent, therefore, that during the ensuing year there will be under way a large program of improvements of this character and it is believed that \$50,000,000 will provide for the continuance of the program at a reasonably satisfactory rate.

Like the original appropriation, this Federal fund need not be matched by the States for two reasons: First, because the States are compelled in many instances to incur heavy expenses in acquiring property and in paying property damages in centers of population where grade crossings are eliminated; and, second, because the railroads furnish rights-of-way and render valuable engineering assistance.

Following the basis fixed in the 1934 appropriation \$50,000,000 is to be apportioned among the States, one-half on population, one-fourth on Federal-aid highway mileage, and one-fourth on railway

mileage. The amount to be expended annually in each State is as follows:

Approximate apportionment of \$50,000,000 for elimination of hazards at railroad grade crossings (H. R. 11687)

	Amount
Alabama	\$1,010,000
Arizona	310,000
Arkansas	890,000
California	1,870,000
Colorado	660,000
Connecticut	430,000
Delaware	100,000
Florida	710,000
Georgia	1,220,000
Idaho	420,000
Illinois	2,580,000
Indiana	1,280,000
Iowa	1,400,000
Kansas	1,310,000
Kentucky	920,000
Louisiana	800,000
Maine	360,000
Maryland	520,000
Massachusetts	1,050,000
Michigan	1,690,000
Minnesota	1,350,000
Mississippi	810,000
Missouri	1,540,000
Montana	680,000
Nebraska	890,000
Nevada	220,000
New Hampshire	210,000
New Jersey	1,000,000
New Mexico	430,000
New York	3,390,000
North Carolina	1,210,000
North Dakota	800,000
Ohio	2,110,000
Oklahoma	1,250,000
Oregon	580,000
Pennsylvania	2,870,000
Rhode Island	180,000
South Carolina	770,000

Approximate apportionment of \$50,000,000 for elimination of hazards at railroad grade crossings (H. R. 11687)—Continued

	Amount
South Dakota	\$310,000
Tennessee	980,000
Texas	2,710,000
Utah	310,000
Vermont	180,000
Virginia	940,000
Washington	770,000
West Virginia	670,000
Wisconsin	1,260,000
Wyoming	340,000
District of Columbia	100,000
Hawaii	110,000

REVENUE AND EXPENDITURES

The total annual expenditures from the Federal Treasury as authorized by the bill are \$244,000,000, made up as follows:

Regular Federal aid	\$125,000,000
Forest highways, roads, and trails	20,000,000
Nontaxable public-land highways	2,500,000
National park roads and trails	7,500,000
National parkways	10,000,000
Indian reservation roads	4,000,000
Secondary or feeder roads	25,000,000
Elimination of grade crossings	50,000,000

244,000,000

If travel by motor vehicles was not so completely and intimately woven into the fabric of the habits of life of the American people this would appear to be a heavy burden to put upon them. But no one who uses the roads objects to paying his fair share to make them better. It is interesting to note that while the Federal-aid highway expenditures from 1916 to 1936 have amounted to \$1,987,655,000, the sums collected from Federal taxation because of the use of motor vehicles during the same 20 years have aggregated \$2,033,922,000.

Not only have those who use the roads paid into the Treasury enough to more than meet all expenditures during the past two decades but this is especially true during the fiscal years from 1933 to date when the largest sums ever appropriated by Congress were expended on highway construction. The following table gives the facts:

Comparison of Federal-aid highway expenditures and Federal-tax income from motor vehicles, gasoline, etc.

[By fiscal years, beginning with 1933]

For the fiscal year ending—	Federal-aid highway expenditures for the fiscal year			Federal-tax income from motor vehicles and gasoline			Income greater than expenditure
	Regular Federal aid	Emergency and public works	Total	Motor vehicle tax receipts	Gasoline tax receipts	Total	
1933	\$103,741,125	\$62,126,981	\$165,868,106	\$49,038,248	\$124,929,412	\$173,967,660	+\$8,099,554
1934	43,469,421	181,019,393	224,488,814	96,156,033	202,575,034	298,731,067	+\$74,242,253
1935	13,289,615	264,498,936	277,788,551	105,055,304	161,532,293	266,587,597	-\$11,200,954
1936 to Mar. 31, 1936	15,045,854	146,654,848	161,701,702	84,114,264	135,027,251	219,141,515	+\$57,439,813
Total, June 30, 1932, to Mar. 31, 1936	175,547,015	654,300,158	829,847,173	334,363,849	624,063,990	958,427,839	+\$128,580,666

The above figures clearly indicate that, with new automobiles and trucks being sold in the United States at the rate of over 3,000,000 each year, it may be expected with certainty that the Federal revenues, at the present rates of taxation, derived from the use of motor vehicles will substantially exceed \$300,000,000 during each of the fiscal years 1938 and 1939 when the authorizations in the bill are in effect. The following figures for the calendar year 1935, obtained from the Bureau of Internal Revenue, fully justify that assumption:

Sources of revenue:	Amount collected
Lubricating oils	\$28,818,919
Gasoline	172,262,488
Transportation of oil by pipe line	9,256,287
Crude petroleum, processed, etc.	1,691,117
Automobile trucks	6,674,268
Automobiles and motorcycles	42,262,453
Auto parts and accessories	7,019,009
Tires	22,660,695
Inner tubes	5,441,753
Total (all automotive)	296,086,984
Percent of all revenue collections	9.8

While it is true that all of the gasoline and lubricating oils produced are not consumed by motor vehicles, the margin of over \$50,000,000 between the proposed annual Federal highway expenditures and the annual collections from the sources above listed makes it safe to say that the road users will continue to pay for all the road improvements made available to them by the terms of this bill. So long as the taxes that they thus pay are not diverted to any other use, there will be less complaint about them than from any field of Federal taxation.

EXHIBIT C

Motor-vehicle registrations in the United States, 1926-36

Year	Registered motor vehicles, private and commercial			Other registered vehicles		Total registered vehicles, private and commercial
	Passenger motor vehicles	Trucks, tractor-trucks, etc.	Total	Trailers and semi-trailers	Motor-cycles	
1926	19,237,171	2,764,222	22,001,393	99,430	131,546	22,232,369
1927	20,219,223	2,914,018	23,133,241	123,451	120,303	23,376,995
1928	21,379,125	3,113,999	24,493,124	148,169	117,946	24,759,239
1929	23,121,589	3,379,854	26,501,443	193,044	114,845	26,809,332
1930	23,042,840	3,480,639	26,523,479	262,507	107,811	26,894,097
1931	22,348,023	3,466,080	25,814,103	349,930	101,074	26,265,107
1932	20,883,625	3,231,352	24,114,977	412,968	91,296	24,619,271
1933	20,600,543	3,226,747	23,827,290	472,789	91,987	24,392,066
1934	21,532,408	3,419,254	24,951,662	619,717	93,625	25,665,004
1935	22,583,420	3,647,414	26,230,834	731,409	92,735	27,054,978
1936	24,197,685	4,023,606	28,221,291	869,359	98,541	29,189,191

Mr. ASHURST. Mr. President, will the Senator from Louisiana yield to me for a moment?

Mr. ELLENDER. I yield.

Mr. ASHURST. Mr. President, in my opinion, my colleague [Mr. HAYDEN] is correct in his conclusion respecting the mes-

sage sent to Congress by the President today. It is widely charged that Congress is merely a conduit for the conveyance of ideas of the executive departments, and that Congress is but a stamp to carry out the departmental requests.

The legislation to which my colleague adverted was, in large measure, conceived by the statesmanship of the Senator from Arizona [Mr. HAYDEN], and it was mainly through his handiwork that the legislation was enacted. I believe it to be among the best pieces of legislation put on the statute books recently. It is the expression of congressional authority, and Congress has the right to enact such legislation directing where money shall be expended on roads.

The able Senator from Kentucky [Mr. BARKLEY] suggested that Congress might "tie its own hands." That might be, forsooth, but I prefer that Congress should tie the hands of Congress rather than that the Secretary of Agriculture should tie the hands of Congress.

My colleague [Mr. HAYDEN], in drafting this legislation, with that scrupulous care which marks his labors, saw to it that the Department of Agriculture should not overthrow the will of Congress. Is the Congress prepared to recede from that position and say that we are incompetent to specify how money shall be expended for roads; that we will rather permit the Secretary of Agriculture to make the decision?

Congress as a general rule passes fair laws. Being human, we make a mistake now and then. We proceed with exasperating tediousness on many subjects, and we shall no doubt continue to do so. There is not only now but there has been for more than 30 years past a constant reaching out, a grasping for more power on the part of executive departments. The laws we pass, if they were construed according to the intent and purpose of Congress, would not so often be baleful in large measure. They are at times harmful because when the department heads get through refining, filtering, and whittling away the intention of Congress we have results sometimes unsatisfactory. For example, there is the Taylor grazing law. I am proud that I opposed that law. Of itself, it is not a bad law, but the way it is administered produces harmful results. My colleague anticipated and foresaw the insatiate demand of the departments for power, and I conclude with the hope that they will leave to Congress the privilege of spending money on public roads as Congress believes it ought to be spent, rather than that the Secretary of Agriculture shall spend it as that Department chooses. I esteem the Secretary of Agriculture highly, as a gentleman of great intelligence and patriotism, but Congress knows more about when and where roads should be built than does the honorable Secretary of Agriculture.

PRUDENT INVESTMENT AS RATE BASE OF UTILITIES

Mr. MINTON. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield, provided I do not thereby lose the floor.

Mr. MINTON. Mr. President, I wish to direct the attention of the Senate to the fact that recently the President of the United States advanced the theory that utilities in establishing their rate base should use what is known as "prudent investment." This is a theory long advocated, as we all know, by Mr. Justice Brandeis.

A case has recently come before the Supreme Court of the United States from the Public Service Commission of California in which the theory of prudent investment was followed by the California commission in establishing the rate base. This was challenged by the utility on the ground that insufficient consideration had been given by the commission, practically no consideration, I believe, to the theory of present reproduction cost less depreciation.

In the argument before the Supreme Court, counsel for the Federal Power Commission intervened as amicus curiae, and made an argument to the court to the effect that the court should reverse the opinion handed down in 1898 in the case known as *Smith against Ames*, and a line of decisions which has since come along, including the case of *McCardle against The Indianapolis Water Co.* and others,

which adopted the fair-value theory, present reproduction cost less depreciation.

The argument was made by counsel for the Power Commission that the Supreme Court itself, which had laid down that rule of law, should reverse itself, and adopt the theory of prudent investment. During the course of the argument before the Supreme Court counsel for the utility company took the position, a very advanced one, in my judgment, that the Supreme Court could not do that thing, that it was up to the legislative branch of the Government to do it if it was to be done at all. I quote from the brief of counsel for the Pacific Gas & Electric Co. as reported in this morning's New York Times at page 15:

It is sufficient to say that if the law as it has been declared by an unbroken line of decisions for close to 40 years is now to be changed, the change should be made by legislative enactment and not by judicial pronouncement.

I merely wish at this time to call the attention of the Senate to the fact that at the last session I introduced a bill which had for its purpose giving the theory of prudent investment a chance in the making of rates in this country. That bill is now on the calendar, and I direct the attention of the Senate to the fact that the theory of the President with reference to prudent investment, the theory of Mr. Justice Brandeis, advanced by him throughout his long and illustrious career upon the Supreme Court, and the theory which counsel in the argument of this case has conceded must be adopted by Congress if it is to come at all, is the theory that is embodied in the bill which I have introduced, and which I shall press for action at the next session.

AGRICULTURAL RELIEF

The Senate resumed consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. ELLENDER. Mr. President, the Congress is dealing today with one of the most important problems confronting the American people. It is my firm conviction that unless and until agriculture is put on a paying basis we cannot possibly have real prosperity.

I have been in Washington since the 15th of this month. Today, yesterday, the day before that, and, in fact, every day since I arrived, I have been reading headlines as to what the Congress should do in order to help industry. It is proposed that we should revise the tax system by taking some of them off; that such a scheme would place industry in a better position; but I have not read one single word in advocacy of aid to agriculture. On the contrary, the cry has been that the farmer is getting too much. Much free advice is being offered, but few seem to be willing to dig down into their pockets in order to help him.

Mr. President, what would become of the great city of Chicago if the cattle and the hog markets, the potato, wheat, corn, and cotton exchanges should be taken from it? What would become of the various industries in that city which depend on the toil of the farmer if the farmer were not prosperous? What would become of the thriving city of Winston-Salem, N. C., if the farmers of that section should cease to grow tobacco? What would become of every hamlet in this broad land of ours if the farmers in its locality were not successful? Every city and every town would cease to exist by reason of the financial disaster that would overtake them. They could not survive. The economic structure of Chicago, Winston-Salem, and hundreds of other business centers would be shattered were it not for agriculture. Yet we are told that in order to bring prosperity back it is necessary that we take care of industry itself and let agriculture alone.

Almost one-third of our national population is engaged in agriculture. I am convinced that if we can increase the buying power of that one-third of the population of this country we shall necessarily help the one-third of the population which the President says needs help. By increasing the purchasing power of the farmer the wheels of industry will be made to turn for the benefit of many of those who are now on the relief rolls.

Mr. President, I simply ask for justice for agriculture. The farmer of our Republic has been treated like a foster child, and yet upon his shoulders he carries the burden of feeding and clothing our Nation.

I desire to cite to the Senate a few figures to show exactly how the farmers of the Nation—the agricultural people—have been treated as far back as 1850. I must limit my figures to that date for lack of data.

In the early days, after our country was founded, two dominant parties or factions existed; one, led by Hamilton, who believed that the stability of government rested on the support of the powerful, which could best be secured by making the Government profitable to them. This faction was bent on concentrating Government favor on the commercial and financial interests to the utter neglect of the agricultural, which constituted the greater part of the Nation. The other, led by Jefferson, who believed in "equal rights to all and special privileges to none" for the encouragement of agriculture and of commerce as its handmaiden. He believed that governments are not the masters but the servants of the people governed—that governments must be responsive to the necessities of the people, that governments that sacrifice the interests of the majority to the greed of a minority are but usurpations by the few. The immortal Jefferson believed that a government should operate for the benefit of the masses of its people, and not for classes.

For many years our Government was operated upon that principle; but just prior to the time of Jackson the entrenched interests, the privileged interests, were gaining power. Senators are familiar, I am sure, with the history of the Bank of the United States scandal, which occurred just at the time of the administration of President Jackson. Senators recall that Biddle, the president of the bank, came to Washington and tried to have, and succeeded in having, the Congress renew the charter of the Bank of the United States. I read from Jackson's famous veto message of the measure:

Every man is equally entitled to protection by law. But when the laws undertake to add to these natural and just advantages artificial distinctions—to grant titles, gratuities, and exclusive privileges; to make the rich richer and the potent more powerful—the humble members of society, the farmers, mechanics, and laborers, who have neither the time nor the means of securing like favors to themselves, have a right to complain of the injustice of their Government.

Mr. President, a few years thereafter the country was engaged in discussing the slavery question. That question split the Democratic Party. Then followed the unfortunate Civil War. What happened then? After that war the privileged interests of the country became entrenched. There existed a combination of the banks, the railroads, and industry which came to the Congress and asked for special privileges so that they could survive the competition of production from across the seas.

They argued to the Congress, "Put a tariff on goods imported into our country so that we may be able to pay more money to our labor, and by reason of more money being paid to labor benefits will result to the farmer." That was the argument advanced by many who were interested in the industries of our country; and that was the reason why the Congress passed various tariff laws, some of which have weighed heavily on the American people, and particularly on the American farmers.

Mr. President, I am not opposed to the tariff. I am for the tariff. What I am interested in, however, is that the tariff be not used in order to help one class. The tariff was put into effect in order to help industry, in order to help labor, and in order to help the farmer; but instead of that it has been employed to make the few richer and more potent than they already were. I do not wonder why today we have here so much concentrated wealth in the hands of the few.

I could cite specific cases in that connection. I shall not, however, take the time of the Senate to go into that particular question further.

I simply wish to say that this rule of the privileged continued until Woodrow Wilson came on the scene, and it was

then that the Democratic Party rose into power and tried to rectify the wrongs of the past. All Senators are familiar with what the immortal Wilson tried to do to relieve the distress of the farmer, the misery of the masses. Let me recall a few of the things which were accomplished during his administration.

The income-tax law was passed, the purpose of which was to make those who could pay help bear the burden of running the Government.

The United States Tariff Commission was established during President Wilson's administration. Establishing that Commission was devised to rectify the mistakes of the past in connection with tariffs. The Commission was authorized to make investigations and studies and surveys upon tariff matters, and to furnish reports of such investigations to the President and to the Congress. Its chief purpose was then, and is today, to equalize the tariff as far as is possible.

The farm loan banks were instituted in order to help the farmer.

The Clayton Act was enacted to permit labor to organize.

The Federal Trade Commission Act was passed so as to provide for fair competition, and to protect small businesses from the merciless competition of industrial giants.

All that legislation was conceived during a Democratic administration to help relieve the masses of our people.

Also, during President Wilson's administration, the Federal Reserve System was set up to provide for an elastic currency, to afford means of rediscounting commercial paper, and to establish an effective system of banking administration and supervision in the United States. This act saved the country and may be referred to as the greatest piece of constructive statesmanship of the century.

Then, Mr. President, during President Wilson's administration the World War came on. The cry was raised, "Let big business do the job. It knows best." Under such a banner the Republican Party was again swept into office. Did it follow the good work begun by President Wilson? It did not; but, on the contrary, our Government abdicated as the protector of the rights of the ordinary man and openly became the tool of big business. The 12 years that followed are among the blackest in the triumph of sordid, selfish, special interests. The concentration of wealth among the few increased by leaps and bounds. The privileged element, in partnership with the party in power, was permitted to use the instrumentalities of government for its own advantage regardless of the effect on the average citizen. Labor gradually was losing much it had gained by its own efforts through a generation of toil, and agriculture was plunging toward bankruptcy with the Government offering it no assistance, but, on the contrary, loading it down with excessive burdens.

Then followed the crash. Millions were threatened with starvation. Selfish interests availed themselves of the plight of labor to deny and defy its rights. Agriculture was by now in a state of complete collapse, from twenty to thirty million farmers were removed from the purchasing class and nothing was done to save them.

Then our present administration came into power. The Democratic Party again set to work to repair the wreck left in the wake of Republican rule following the term of office of President Wilson. I am not going into detail concerning what it has accomplished. I simply wish to say that an earnest effort has been made by the present administration to help the farmer. As to whether or not the effort resulted in success matters not. The point is that we have tried to help the farmer, and the further point is that we are going to keep on trying.

Mr. President, let me state the figures with reference to the proportion of the national income which was credited to agriculture in times past in comparison to all other industries.

Things went along pretty well before the Civil War. There was not much cause for complaint. In 1850, 33 percent plus of our national income went to agriculture and 66 percent plus went to all other industries, including all professional businesses.

In 1860, just before the Civil War began, agriculture received 37 percent, and all other businesses 63 percent.

Soon after that, increases were made in the tariff rates under the act of 1857, the act of 1861, the act of 1862, and the act of 1863.

So that by 1870 the percentage of agricultural income compared to the total national income had been reduced to 27.8, while all other industries had 72.2 percent. Further decreases followed after that time. In 1890 the agricultural income was reduced to 21.8 percent in comparison to 78.2 percent for all other industries. In 1900, and so on down the line, the agricultural income gradually decreased until at the end of President Hoover's administration it went down to 5.8 for agriculture and 94.2 for all other industries. Such was the plight of agriculture when the Democratic Party came into power in 1933. Think of it, the farmers who feed and who produce the raw products to clothe the Nation, received but 0.058 percent of the total wealth and entrenched interests received 0.942 percent. Do you wonder why the tillers of the soil are in such a sad plight. We must and shall help them. That must be accomplished before anything else is done by this Congress.

Mr. BORAH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Idaho?

Mr. ELLENDER. I yield.

Mr. BORAH. May I ask the Senator for the figures from 1909 to 1914, the base period upon which this bill is framed? What was the proportionate income during that period?

Mr. ELLENDER. I will gladly give the Senator the figures. In 1909 the proportionate income was 18.9 percent for agriculture and 81.1 percent for all other industries; in 1910 it was 18.6 for agriculture and 81.4 for all other industries; in 1911, 17 percent for agriculture and 83 percent for all other industries; in 1912, 17.4 percent for agriculture and 82.6 percent for all other industries; in 1913, 16.1 percent for agriculture and 83.9 percent for all other industries; and in 1914, 16 percent for agriculture and 84 percent for all other industries.

Mr. BORAH. May I ask a further question?

The PRESIDENT pro tempore. Does the Senator from Louisiana yield further to the Senator from Idaho?

Mr. ELLENDER. I yield.

Mr. BORAH. Has the Senator figures showing the per capita income for those living on the farm and the per capita income of the nonfarming population? What will it be under this bill if it becomes a law and accomplishes what its authors desire.

Mr. ELLENDER. No, sir; I do not have those figures; I do not have them broken down as yet; but I am working on a break-down of those figures so as to give to the Senate, at some future time, what percentage labor receives out of the national income. It will be noticed that the figures I have just given include all occupations, in fact, all others gainfully employed. They are included in the larger figure that I have just read.

Mr. BORAH. I have been interested to know why the period from 1909 to 1914 was taken as the base period on which to frame this bill. Agriculture was in great distress during that time.

Mr. ELLENDER. It was, but the reason for taking those years, I may say to the senior Senator from Idaho, was that this period more nearly reflects the purchasing power of farm products with respect to the articles the farmers had to buy at that time.

Mr. BORAH. According to my figuring, based upon the statistics furnished by the Agricultural Department, if this bill is enacted, and it accomplishes what its authors believe it will, the per-capita income of those on the farm would be about \$200 per person, while for the remainder of the population of the United States, including those on relief and in the insane asylums and in the penitentiaries, between the times when the boards of pardon meet, it would be about five-hundred-and-some-odd dollars. That does not seem to be a very equitable distribution.

Mr. ELLENDER. It may not be, Senator, but we are dealing with conditions as they now exist, and we are trying to do the best we can. We have set a goal in this bill, and we do not propose to stop until it is reached. We feel that this bill will be a good start in the right direction. Before I enter into a discussion of the bill, let me say that I believe we should provide the wherewithal in order that we may pay to the farmer that part of the parity income which he is entitled to under the measure.

I agree with President Roosevelt that we cannot further call on the Treasury for further assistance unless we vote additional taxes. Should it become necessary in order to carry the program through, I declare now that, so far as I am concerned—and I believe that I reflect the sentiment of the farmers who appeared at the hearings—we should try to get it from the Treasury if we can, but if we cannot get it there, I favor a processing tax. That is the sentiment so far as the farmers with whom we have come in contact are concerned. I do not believe there is any doubt about that. I am in favor of placing a processing tax on rice, cotton, and wheat now, so that we may carry this program through.

Why should there be any opposition to that form of taxation? Why should the tariff remain in effect? I say that the only difference between a processing tax and a tariff is that the manufacturer collects in the case of the tariff, while in the case of the processing tax the Government collects and distributes the money among the farmers who conform to a fixed program. That is the only difference. The American people are paying the tax rates. Take the pair of shoes that I have on my feet now; if it were not for the protection afforded to the leather man and to the manufacturer I could get that pair of shoes much cheaper—probably three to four dollars less.

Who collects the tariff that the Congress has voted upon the people for the protection of industry? I repeat, the manufacturer. He puts it in his pocket, although he may give some to labor but not in just proportion to the amount he collects. That is really what happens. As to the processing tax, I believe it is a fair tax, and it should be imposed in order to try to equalize the tariff burdens that are now bending the backs of the American farmers. Industry has sought the aid of the farmer in the past to help it come through, and it is only fair and just that industry join agriculture in an attempt to relieve its present deplorable condition. I firmly believe that industry will prosper to a large degree if its leaders help to increase the purchasing power of the tillers of the soil.

Mr. BORAH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Louisiana yield further to the Senator from Idaho?

Mr. ELLENDER. I yield.

Mr. BORAH. Is it not true that we will have to levy a tax in order to get the money with which to carry out the provisions of the pending bill?

Mr. ELLENDER. Yes, sir; if we carry out the provisions of the bill as written, we will have to impose the tax; and I say this in spite of the fact that no one reading the bill can state that we are agreeing to pay absolute parity prices; but we are in honor bound to do so.

Mr. POPE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Idaho?

Mr. ELLENDER. I yield.

Mr. POPE. There is a specific provision in the bill, is there not, to the effect that whatever money is available to service this bill will be paid toward parity so far as it will go?

Mr. ELLENDER. That is correct, insofar as cotton, corn, and wheat are concerned.

Mr. POPE. So if there is available now, say, \$500,000,000 for carrying out the program contemplated by this bill and the Soil Conservation Act, and the portion which would go to the making of the parity payments was not sufficient to pay them fully, they would only be paid proportionately; is not that correct?

Mr. ELLENDER. That is correct as to the commodities I have just mentioned.

Mr. POPE. So that the program can be carried forward with whatever money might be made available by the Congress to service this bill?

Mr. ELLENDER. That is absolutely correct. I did not mean that we could not carry the program partly through. I say we can; but, in order to carry it to the nth degree, in order to carry it out fully as we intend, we must impose processing taxes; and I, for one, favor doing so.

Mr. BORAH. Mr. President—

Mr. ELLENDER. I yield to the Senator from Idaho.

Mr. BORAH. Are there any figures which disclose how far we can go in carrying out the bill without levying a processing tax?

Mr. ELLENDER. I will answer the Senator from Idaho by saying that I have no available figures, and I cannot advise the Senator correctly. However, I should say it would be rather difficult to furnish accurate amounts because payments are largely dependent on what each commodity sells for and what the percentage of the commodity will be over a normal supply.

Mr. BORAH. Has not the Department furnished any figures?

Mr. ELLENDER. How could the Department furnish such figures?

Mr. BORAH. I do not know; they furnished the bill.

Mr. ELLENDER. No; they did not; I beg the Senator's pardon; the Department did not furnish the bill.

Mr. BORAH. I had understood they did.

Mr. ELLENDER. I am telling the Senator that the Department did not furnish the bill; they may have furnished suggestions, but the Department did not furnish this bill and did not write it. I may state that the tobacco title was partly drafted by a departmental head after consultation with the tobacco growers.

Mr. BORAH. I am glad to hear that.

Mr. ELLENDER. Perhaps some phases of it were written by the Department, but I wish to state to the Senator from Idaho that this bill was prepared and worked out by the Agriculture Committee of the Senate.

Mr. BORAH. That is encouraging. Then, perhaps some member of the Senate committee knows what it will cost.

Mr. ELLENDER. If the Senator will permit me, I am going to discuss that point in the course of my remarks.

Mr. OVERTON. Mr. President, will my colleague yield?

Mr. ELLENDER. I yield.

Mr. OVERTON. While the Senator is discussing the particular phase of this bill which he is now discussing, referring to page 21 of the bill and taking schedule A and making a calculation as to what the cotton farmer should receive during the next year in order to get parity payments; assuming that the price of cotton would be something like 8 or 9 cents a pound, a simple mathematical calculation would show that \$245,000,000 would be required to be paid to the cotton farmer in order that he might receive 82 percent of parity income.

When I say that, I am assuming that the total supply of cotton at the beginning of the next season will be 14 percent over and above the normal supply. In that event the farmer would be entitled to 82 percent of parity income and would be entitled to a 30-percent parity payment.

Assuming that the national quota will be only 10,000,000 bales next year, a simple calculation would show that it would require \$245,000,000 in order to bring the cotton farmer to parity. I think that fact ought to be known. I think the cotton farmer—and the Senator and I are more interested in the cotton farmer than any other farmer—should be acquainted with the fact that he cannot expect to get 82 percent parity income during the next year or the year after that because sufficient funds will not be available.

I am very happy to know that my colleague is advocating a processing tax or some other form of taxation that will bring more revenue in order to carry into execution the program contemplated by this bill for the benefit of the farmer. The

senior Senator from Alabama [Mr. BANKHEAD] said yesterday on the floor that only \$100,000,000 would be available for the cotton farmer. That would mean he would get only 3 cents a pound parity payment when he is called upon to reduce his production to 10,000,000 for the ensuing year.

Mr. ELLENDER. I thank my colleague. Of the five principal commodities, cotton is necessarily the worst off because of the enormous surplus we have on hand.

To further answer the Senator from Idaho [Mr. BORAH], I believe that if the plan of the bill is adopted and if the farmers of the Nation follow and abide by its provisions and submit to control—voluntary control in some instances, as I shall later explain—that in itself will have a tendency to increase the price of the commodity. As the price of the commodity increases, of course, the Government payment decreases. Suppose the corn farmer should have a 100-percent yield of what he is permitted to produce. I can visualize that the Government would not put up a dime in order to help the corn grower, and in like manner the wheat grower and the tobacco farmer. Under this schedule the tobacco farmer is now getting parity or better.

Mr. POPE. Mr. President, will the Senator yield before he leaves the matter of the processing tax?

The PRESIDING OFFICER (Mr. SHIPSTEAD in the chair). Does the Senator from Louisiana yield to the Senator from Idaho?

Mr. ELLENDER. I yield.

Mr. POPE. Would not the Senator favor a condition where the money collected through a processing tax on wheat, for instance, would go to the wheat farmer, and the money collected through a processing tax on tobacco or cotton would go to the producers of those commodities, respectively?

Mr. ELLENDER. Mr. President, I think that would be all right; but I would prefer to place the tax on cotton, wheat, and rice, and let those three commodities carry the entire burden, rather than to put a processing tax, let us say, on hogs and cattle. I doubt the feasibility of collecting a tax on corn. It would be necessary, in order to get the processing tax collected on corn, that we should have to tax it via the hogs and the cattle and the sheep that consumed it.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BANKHEAD. Does the Senator mean by that that he favors a processing tax on one or two or three of these commodities for the purpose of maintaining parity income on all commodities?

Mr. ELLENDER. I would favor it rather than let each commodity carry its own burden, for the reasons I have just stated. After all, whether we put it on cotton or on tobacco or on any feasible commodity—I mean by that a commodity where the collection of the tax is feasible—it does not make much difference, because the American people pay the bill after all.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Texas?

Mr. ELLENDER. I yield.

Mr. CONNALLY. Is it the Senator's theory that if we give the farmer these benefits to offset the tariff, which is the purpose, of course, a processing tax is justified, and we should let the consumers bear the burden rather than the Treasury in general?

Mr. ELLENDER. That is correct.

Mr. CONNALLY. I agree with the theory of the Senator. If we are going to adopt farm benefits on the theory that the farmer is to get some recompense for the burdens he bears because of the tariff on manufactured goods—and that is the theory upon which the plan is based—it is perfectly sound to levy processing taxes on cotton, wheat, and the other commodities to get the funds, and in that way the consumer at home pays the increased cost.

Furthermore, under decisions of the Supreme Court, if we include the processing taxes in a separate measure and put the money into the Treasury, there can be no constitutional

objection to the power of Congress to levy them. Whether we have a farm relief bill or not, we can tax every bale of cotton and every bushel of wheat all we want to under the Constitution and under the decisions of the Supreme Court. I see no hindrance in the way of a processing tax.

Mr. ELLENDER. That is one of the reasons why I say we should put the tax on three commodities, put the money into the Treasury, and let it then be used to provide funds for all commodities if it is necessary.

Mr. CONNALLY. Those who were crying last spring that we had to abolish the Supreme Court in order to get a farm bill are absolutely met at the very threshold by the fact that we can levy a processing tax, and that is all the Court ruled out. We can put such a tax in the revenue bill and put the money in the Treasury. I think it is really more justifiable to put such a tax on each commodity and let it bear the burden than to go into the Treasury and let the general taxpayers bear the burden.

Mr. BANKHEAD. Mr. President, is the Senator from Texas contending that a few commodities should furnish all the money?

Mr. CONNALLY. The Senator from Texas did not touch on that point. Fundamentally that is not a sound proposal. Fundamentally each commodity would have to bear its proportionate share. I do not know what the practical difficulties are.

Mr. BANKHEAD. I think that point should be developed, because the Senator so clearly and strongly said he agreed with the Senator from Louisiana. His statement indicated that he wanted cotton to carry corn, for instance.

Mr. CONNALLY. I did not say I agreed with the statement of the Senator from Louisiana. I agree with his theory that it is fair for each commodity to bear the burden of the enhanced price.

Mr. POPE. Mr. President, will the Senator yield?

Mr. ELLENDER. Certainly.

Mr. POPE. I do not know what the evidence was in the South on that question, but in the West I think everyone who testified in favor of a processing tax also was in favor of having the processing tax collected on wheat, for instance, or on cotton, go to the growers of those commodities. I do not mean to say that in the bill itself it should be set out in just that way. I think there would be greater objection throughout the country if a processing tax were levied on one or two or three commodities and the money received should be used to make benefit payments to the growers of all the commodities. I think that was brought out very clearly in the hearings we conducted. The farmers themselves would be very much opposed to that plan.

Mr. ELLENDER. I would not personally argue the point either way. I am endeavoring to show that we ought to get the money somewhere now, so as not to disappoint the farmers. I think the most feasible way is to have the commodities bear it, because after all, the American people have to bear the expense whether we put it on meats, on wheat, cotton, or what not. The idea is to collect it so as to compensate the farmer to the fullest extent for what he pays because of tariff burdens.

As I started to say a while ago, it was my privilege to travel through various parts of the country with the Senate subcommittee, and it was most interesting. As a matter of fact, I never before saw such interest evidenced as was shown by the farmers of the various localities we visited. They appreciated the Senate of the United States sending a committee to go out and get, at first hand, information regarding their problems. All in all, they gave us a great deal of information, and I firmly believe that the bill we are now considering reflects the majority views of the farmers of the various sections affected.

Of course, we were offered many plans, but just a few questions showed that most of the plans would not work. I believe each Senator who was on the trip can state that he was approached by some farmer or by somebody who desired to present his or her plan.

Just to give you an idea of what was proposed, I will state to the Senate a few instances.

I was in a certain city in the Northwest, and the clerk of our committee came to me and said, "Senator, there is a fine looking middle-aged lady who would like to see you." I told the clerk I could not see the lady at that time, but that I would do so at recess. As the hearings continued I forgot about it, and as I walked out of the door of the room where we were holding our meetings she walked up to me, all excited, and said, "Senator, I am glad to see you. I am full of electricity." I said, "Full of electricity? What has that to do with the farm problem?" She said, "I have been trying to get the President to answer some letters I have been writing. What I should like to have him send is a few dollars for travel expenses through the various States. You know, I could visit the States where it does not rain, and I could tell while traveling whether or not it is going to rain, and who knows? Maybe, if the President gives me enough money I can make it rain." [Laughter.]

That was one of the plans suggested. The Senator from Idaho [Mr. POPE] will remember that one, and another one presented by a person who was just as earnest as anyone could be.

A young man came to my room and started to tell me how he had solved the farm problem. He said, "It is simple. I would not let any farmer cut production. I would just let the farmers produce all they want to produce of the commodities you are trying to regulate." I said, "What would you do with the surplus?" He said, "I will tell you what I think I would do with it: The Government could take all that we could not sell of the various grains, and grind it into flour and feed it to the poor people." He said, "The excess cotton could be used up by making shirts and pants and overalls for poor people; and in that way we could take care of a great deal of cotton." I said, "But suppose you had a further surplus, what would you do then?" He said, "Well, we could take all the excess grain and feed it to the wild ducks in this country." [Laughter.] Then I thought I would stump him by asking, "What would you do with your cotton surplus?" He scratched his head a while and said, "Why, we could use the cotton surplus, probably, to make nests for the wild ducks." [Laughter.]

That was that man's plan. I did not ask him about tobacco, because I thought he might have had some equally ridiculous answer to give me, so I just skipped it.

As I said a few minutes ago, Senators, I believe the bill now before us reflects the views of the majority of the farmers to whom we talked and whom we heard. I do not think there is any question about that.

Now let us take the situation with reference to wheat and corn. It is my belief that the majority of the wheat people and the corn people desire a voluntary control program. We have provided for a voluntary control plan. After a certain amount of those respective commodities is produced, only then can the Secretary fix a marketing quota and in a measure direct and control the marketing of those two commodities by putting a certain fixed amount under seal, but there is nothing in the bill that would prevent any farmer, after that marketing quota is established, from planting more corn or more wheat, if he so wishes. It is all on a voluntary basis. The plan of the bill, I am sure, conforms to the views of the farmers of the Northwest.

Now, let us take the case of the cotton farmer. I am satisfied from the testimony we heard from them that they desire control and believe in control; and when I say "control," they said, "Control with teeth in it—solid teeth." That is how they put it. That is in the record. In order to try to carry out the will of the cotton growers we wrote into the bill what I would term as strong a control provision as it is possible to draft. I do not know how it could be made any stronger. Under the bill, after a quota is fixed and each farmer is assigned so much cotton to grow—so many acres I should say—he is unable to market what he produces on any excess acreage. He is heavily penalized and deprived from collecting any benefit payments.

Take the case of tobacco. The people in the tobacco section desired a bill that had control in it; as they put it, they wanted control with teeth in it; but they were not so strong

for the same kind of control that is provided for in the case of cotton.

Yet we did give them a control bill; and the only difference between the cotton plan of control and the tobacco plan of control is that the cotton control is on an acreage basis, because the farmers were almost unanimous in saying, as I remember, that they desired control on an acreage basis, whereas the tobacco farmer desired control, if it would be possible to give it to him, on a poundage basis. So we incorporated in the bill those two forms of control in the best way it was possible for us to draft it. We have, I believe, complied with the views of the majority of the tobacco farmers of the Nation.

Now let us take the case of the rice people. The rice people did not desire control.

Mr. MALONEY. Mr. President, will the Senator yield to me?

Mr. ELLENDER. Gladly.

Mr. MALONEY. Will the Senator elaborate just a little bit on the control of tobacco by poundage?

Mr. ELLENDER. I will do so. I will take each item separately. I am just trying to give to the Members of the Senate a bird's-eye view of how each commodity will be controlled, and to show that the control we propose conforms to the views of the people growing the respective commodities. I propose to revert to tobacco in particular, and I further propose to state to the Senate the way in which each separate commodity will be treated under the respective titles; I shall gladly answer any question within my ability to clarify any point.

Of course, the bill is rather long. Some persons say it is complicated. I do not think so, especially if Senators understand the principles involved, and the method we have tried to adopt in order to carry out the wishes of those affected. I think a study of the bill will clarify it. After each Senator sits down and reads the bill, and reads the Record, and hears debate on it, I think, as time goes on, the bill will be clarified.

With reference to rice, the rice people did not want control with teeth in it. They did not wish to be prevented from growing rice. They wanted a program of a voluntary nature; so, with that desire in view, we gave to the rice people what I should term a voluntary control program. The only difference between the program with reference to control as it relates to wheat and corn and rice, all of which are voluntary, is that in the case of corn and wheat the control is rotated and takes place after the crops are made, whereas in the case of rice the quota is established for the following marketing year, and not the year in which it is produced.

Those are the essential differences between the various commodities we are talking about, with particular reference to the control features of each of them.

I believe the Senator from Idaho [Mr. POPE] has clearly explained the methods and the ways in which the wheat title and the corn title of the bill will operate; but if there are any questions in the mind of any Senator that he would like to have clarified, and I am able to clarify it, I shall gladly do so.

I will state further that with reference to corn, wheat, and cotton, the bill provides that the growers thereof shall receive parity payments. Rice and tobacco farmers shall receive soil-conservation payments.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BORAH. Before the Senator goes further, will he not explain just what he means by "parity"?

Mr. ELLENDER. Yes, I will.

Mr. BORAH. I should like to have a little fuller explanation of that term.

Mr. ELLENDER. Parity price?

Mr. BORAH. "Parity price" and "parity income" mean about the same thing in this bill, it seems to me.

Mr. ELLENDER. They do to me also. One is dependent on the other in a large measure.

Mr. POPE. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. POPE. I think the distinction is that "parity price" applies to the particular commodity involved, and "parity income" is a general term which has to do with the whole income of farmers now as compared with the income at some other time, as in 1914.

Mr. ELLENDER. One is dependent on the other; they are interlocking.

Mr. POPE. Oh, yes; the parity income is dependent on the parity price to a very great extent, but "parity price" applies to the commodity and "parity income" is a broad term that has to do with the general income of the farmers compared with the incomes of others not farmers.

Mr. BORAH. Mr. President, if I may interrupt again, it seems to me that the parity of income depends on the parity of price.

Mr. POPE. I think so.

Mr. ELLENDER. One is dependent on the other, as I have said, and they are interlocking.

Mr. BORAH. Then really to a layman there is not very much difference.

Mr. ELLENDER. That is my honest opinion about it. I discussed it before the committee—and I think most of the members of the committee were present—and it is my view that they are interlocking. To figure parity income, it is necessary to use the parity-price base. I think the two go hand in hand.

Mr. SCHWELLENBACH. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. SCHWELLENBACH. I think it might best be put in this way, that if on all farm commodities the farmers received parity prices, then all of the farmers together would receive a parity income.

Mr. BORAH. After all, it is really one and the same thing in practical effect.

Mr. SCHWELLENBACH. One might have a parity price so far as cotton, wheat, and corn are concerned and not have a parity price so far as the other two are concerned, and it would not be parity income for the producers of the major agricultural products in the country.

Mr. ELLENDER. Parity price is the basis.

Mr. BORAH. The income of the cotton producer would not help the income of the wheat producer if the wheat producer did not get his price.

Mr. SCHWELLENBACH. That is true; but when the term "parity income" is used, generally it refers to all of the major agricultural commodities. If the cotton farmer were getting a parity price, all the cotton farmers would then have a parity income.

Mr. BORAH. Will not the Senator amplify a little more the question of parity of income and parity of price, whichever he prefers to call it? Does parity mean that the purchasing power of the farmer's commodity shall now produce the same in those things which he has to buy as it did in 1909 to 1914?

Mr. ELLENDER. Yes. What prevailed in the period 1909 to 1914 is used as the base, and then we add to that the commodity index figure. I have the index issued by the Department of Agriculture for October, which shows that a bale of cotton of today would not purchase what a bale of cotton in 1914 would purchase by 33 percent. Let me get the table, as the Senator has asked me the question. I intended to place it in the Record, and I can put it in at this time. For the 5-year average, as is provided in the bill—

Mr. BORAH. 1909 to 1914?

Mr. ELLENDER. Yes; the average price of cotton for the 5 years, 1909 to 1914, was 12.4 cents per pound. The value of a bale of cotton at that time, that is, the commodity itself, was almost on a parity with other commodities purchased by the farmer for use on his farm. There was not

much difference. Cotton was selling at 8.1 cents as of October 1937. So the Senator can readily see that because of the low price of cotton the farmer would have to sell more cotton in order to buy the same thing he bought in 1914, because the price is lower.

Mr. BORAH. I understand that perfectly.

Mr. ELLENDER. The average price of corn for that period was 64.2 cents per bushel. The average price of wheat was 88.4 cents per bushel. The average price of rough rice was 81.3 cents per bushel. Parity prices for tobacco are based on prices prevailing during the years 1919-29, instead of the 1909-14 period as used for rice, corn, wheat, and cotton. I am informed that, because of unsettled conditions in the tobacco industry during 1909-14, it was found necessary to use another period in figuring parity prices. The average price of flue-cured tobacco during the period 1919-29 was 24 cents per pound.

The farm prices of the various commodities just enumerated as of October 1937 were as follows: Cotton, 8.1 cents; corn, 58.9; wheat, 88.7; rice, 63.1; flue-cured tobacco, 23.

The index prices farmers pay, as indicated in the third column of the table I hold in my hand, that is, the additional amount they have to pay in cash in terms of what they get for cotton, is 133.

With reference to corn, it is also 133, and the parity price would have to be 85.4 cents in order for that commodity to buy the same amount it bought in 1909 to 1914, when corn was 64 cents a bushel.

Mr. BORAH. I did not express myself aptly because I had in mind what the Senator has said. What is proposed is making it possible for a bushel of wheat to buy as much today, by adding to the price, as a bushel of wheat bought of the things which the farmer had to have in 1909 to 1914?

Mr. ELLENDER. That is correct. In connection with my remarks at this point I ask to have printed in the RECORD the table to which I have referred showing farm prices, parity prices, and related data.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Farm prices, parity prices, and related data

	5-year average farm price, August 1909- July 1914	Farm price, Octo- ber 1937	Index of prices farmers pay, Octo- ber 1937	Parity price (1)×(3)	Farm price as a per- cent of parity (2)÷(4)
	(1)	(2)	(3)	(4)	(5)
Cotton (pounds).....	Cents 12.4	Cents 8.1	133	16.5	49.1
Corn (bushels).....	64.2	58.9	133	85.4	69.0
Wheat (bushels).....	88.4	88.7	133	117.6	75.4
Rice, rough (bushels).....	81.3	63.1	133	108.1	58.4
Flue-cured tobacco (pounds).....	24.0	23.0	180	19.2	120.0

¹ August 1919-July 1929 base.

The parity price of cotton is the August 1909-July 1914, average farm price of 12.4 cents per pound multiplied by the current index number of prices paid by farmers plus interest and taxes payable per acre, which for October 1937 is 133 percent of the 1910-14 average, and divided by 100 as follows:
 $12.4 \times 133 \div 100 = 16.5$ cents per pound, the present parity price of cotton.

Consequently, in order for cotton to have the same "fair-exchange value" per pound in October 1937, as in the pre-war period the price would need to be 16.5 cents now compared with 12.4 cents a pound in the pre-war base period. The actual farm price of cotton in October was 8.1 cents per pound, or 49.1 percent of parity.

Similarly the parity price, or "fair-exchange value," of wheat in October 1937 was $88.4 \times 133 = 100$, or 117.6 cents per bushel, whereas the actual farm price in October was 88.7 cents per bushel, or 75.4 percent of parity. For corn the parity price in October was 85.4 cents per bushel, whereas the actual farm price was 58.9 cents per bushel, or 69 percent of parity. For flue-cured tobacco the parity price in October 1937 was 19.2 cents per pound, whereas the season average price to November 1 averaged about 23 cents per pound, or 120 percent of parity.

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The "parity price" for any farm product other than tobacco, as specified in the Agricultural Adjustment Act, is computed by multiplying the average price of that commodity in the period August 1909-July 1914, by the current index number of prices paid by farmers for commodities bought, and taxes, and interest payable per acre of farm real estate by farmers. Section 2 of the Agricultural Adjustment Act, as amended in August 1935, provides that parity prices "in the case of all commodities for which the base period is the pre-war period, August 1909, to July 1914, will reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the base period."

Mr. GILLETTE. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. GILLETTE. Before the Senator leaves the subject of the definition which he has just been discussing I believe it should be made clear that for the purposes of the bill there is a decided difference between parity as applied to price and parity as applied to income, and that they are not one and the same thing or do not approximate the same thing, as has been stated. They may under certain conditions be the same thing, but "parity" as used in the bill as applied to price is the matter the Senator has just discussed with the Senator from Idaho, the effort to bring a commodity in price to a point where a unit of that commodity will buy the things the farmer needs in the same ratio as of the base period. But as used in the bill, "parity" as applied to income means the total income of the farmers as compared with the total income of individuals other than farmers.

Mr. BORAH. Is it proposed by the bill, then, that there shall be a parity of income between the people on the farm and the people who are not on the farm?

Mr. GILLETTE. Mr. President, is the question addressed to me?

Mr. BORAH. Yes.

Mr. GILLETTE. I would not try to answer as to the purpose of the bill. I am merely saying that throughout the bill the term "parity" is used in two different connections—first, in connection with parity of price, and at other times in connection with parity of income; and in those two cases it means two radically different things, as defined by the terms of the bill itself.

Mr. POPE. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. POPE. In the committee the matter was discussed of striking out the definition of "parity of income" because there is nothing in the bill that is directly based upon parity of income. Therefore, so far as the definition of parity of income is concerned, it has no direct relationship to anything in the bill. The bill would operate and have meaning just the same if the definition were not in it at all, because nothing is based on it.

However, the definition of parity of price is very important, because the whole bill is based upon the obtaining of a parity price of the commodities mentioned in the bill. Therefore it is quite academic to discuss parity of income. Some of the members of the committee thought it had value as indicating perhaps the fair income for the farmers compared with the incomes of those who were not farmers. They thought it would have some psychological value, perhaps. It would have no value so far as any specific provision of the bill is concerned.

Mr. BORAH. Mr. President, I am glad my colleague explained that, because it has had a psychological effect on me. I could not understand why we were discussing parity of income when we were not undertaking to establish parity of income at all.

Mr. POPE. I may say that it is the ultimate hope of the bill that the obtaining of a parity price and the benefits under the bill would have the fine beneficial effect of bringing about a parity of income. But that is about all the meaning it has in the bill.

Mr. GILLETTE. Mr. President, will the Senator from Louisiana yield for just one further statement?

Mr. ELLENDER. I yield.

Mr. GILLETTE. I think the junior Senator from Idaho has stated the situation correctly. It is the hope that parity of price, if attained, will produce parity of income. But, as the Senator well knows, it does not follow. The price of a bushel of corn—87 cents—if a farmer owns no corn—for instance, under drought conditions—is not going to bring about parity of income for drought-afflicted farmers. But it was the hope of the sponsors of the bill, as I understand, that under normal conditions parity of price, if secured, would in turn bring about parity of income.

Mr. BORAH. Mr. President, I observed an interview by the Secretary of Agriculture, Mr. Wallace, given out sometime in September, and published in the New York papers, to the effect that he was—I would not say abandoning, but was not stressing the question of parity of price, but he thought it was more logical to take up the question of parity of income. The article was headlined to the effect that the Secretary had abandoned the idea of parity of price and was basing his entire theory of recovery upon parity of income. That, together with these statements in the bill, has a tendency to confuse.

Mr. ELLENDER. As the Senator from Iowa [Mr. GILLETTE] has just stated, and as the Senator from Idaho [Mr. POPE] stated, it is the goal we are leading to, and we hope some day to give to the farmer the same earning power, the same income that those engaged in other industries receive. That is the goal set in the bill. It is a goal that may be difficult to reach, and it may take many years to arrive to it, but it is something to strive for. And if we ever reach that goal, Mr. President, prosperity will not be "just around the corner." Prosperity will then be here to stay.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FRAZIER. Both the parity income and the parity price, as defined in the bill, are based on a 5-year period 25 years ago. That is the greatest trouble with the bill. The parity, if we get it, will never give the farmer the cost of production on the average, and provision is not made for enough money to give as parity.

Mr. ELLENDER. I call the attention of the Senator from North Dakota to the fact that we use the average figure as a starting point, as a basis, and add percentages, as I have just indicated, with reference to parity prices. Whether or not parity prices are fixed in the way indicated on the chart which I send to the desk or in some other way matters not; the same principle applies. The 1909-14 figure is used as a basis, because it is the most adequate one to meet the situation.

Mr. President, as I stated, I have not made a study of the question; but I believe that the 5-year period which has been taken and is being used as a basis for parity income and parity prices will get us nearer than any other to a fair price for cotton, or a fair price for wheat, or for any other commodity, in relation to what the farmers have to pay for the products purchased by them and used on their farms.

Mr. FRAZIER. If we are going to talk about parity, I ask the Senator from Louisiana why it would not be better to have a parity based on the present time, right now, both as to prices and as to income?

Mr. ELLENDER. That is what we are trying to do.

Mr. FRAZIER. No; it is based on a period of 25 years ago.

Mr. ELLENDER. Mr. President, the moment the parity prices are raised in conformity with the index which I have just described, then, in a measure, the result sought for is accomplished. The same buying power is given under parity prices to cotton, to wheat, and to corn that they had in the period from 1909 to 1914. The index varies. It may be 133 for October and for November it may be 134 or 135, depending on the prices of all commodities throughout the United States. I do not know of any better way to accomplish what we have set out to do. If any Senator can suggest a better way, now is the time for him to speak.

Mr. MCGILL. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MCGILL. Is it not true that witnesses from the Bureau of Agricultural Economics who have appeared before

our committee over a period of a number of years, as well as those from among the farmers themselves who testified at the hearings we have held recently, have stated at all times that the period from 1909 to 1914 was the period in which the farmer was more nearly on a parity basis with reference to the things he had to buy than in any period in many years of our country's history?

Mr. ELLENDER. I am sure the testimony reflects that situation.

Mr. FRAZIER. Mr. President, will the Senator again yield?

Mr. ELLENDER. I yield.

Mr. FRAZIER. That may be true; but, at the same time, during that 5-year period the farmers did not get their share of the national income, or anywhere near it. Nothing is contained in the bill which will insure that the farmers will get their share of the national income.

Mr. ELLENDER. I firmly believe the farmers will get their share if the money is provided. If we are able to reach the goal that is set for parity income, I think it will be possible for us to give a fair share to the farmer, provided Congress raises the funds. That is why I say that we should take both the parity prices and the parity income together. They interlock. They are to be worked out together. I really believe that that is a goal which we are setting for ourselves, and I hope that some day we shall reach it.

Mr. President, I do not propose to go into a detailed discussion of wheat and corn, because, as I said a while ago, I think the Senator from Idaho [Mr. POPE] has covered the subject. The able Senator from Alabama [Mr. BANKHEAD] yesterday covered the subject of cotton. However, before passing to tobacco and rice, which I propose to discuss, I desire to say a few words with reference to cotton.

On the day the bill was reported out of committee the Senator from Mississippi [Mr. BILBO] introduced an amendment which was adopted by the committee. That amendment, in a measure, had a tendency somewhat to confuse the method of dividing the balage, or the break-down, I may say, of the national quota from the States to the counties. It is my thought, and in fact the thought of my colleague [Mr. OVERTON] that this can be corrected. Yesterday, after I left the Chamber, I considered the proposals which were made by my colleague [Mr. OVERTON], and I believe that with the consent of the Senator from Mississippi [Mr. BILBO] we can agree on an amendment so framed as to correct that portion of the bill which I now propose to discuss.

Mr. President, as I explained a while ago, the bill provides for a control program for cotton. The purpose of the bill is to provide a control program. The Secretary of Agriculture fixes the national quota for cotton. The basis is a 10-year average in exports, a 10-year average in domestic consumption, with 35 percent of the total as the normal carry-over. That is fixed as the national quota. When that national quota is fixed, it is then broken down to the States in proportion to the average amount of cotton produced in each State in the past 5 years. The bill, as originally drafted, provided that the break-down to the counties should be on the same basis, that is, on the basis of the production in each county in the same manner as provided for allotments to the States.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. OVERTON. Before the Senator comes to that break-down, I ask whether I correctly understand my colleague to state that the national quota will be the export, plus domestic consumption, and plus 35 percent; or will the national quota be a quota which will be fixed by the Secretary of Agriculture, not to be below 70 percent of the normal yield?

Mr. ELLENDER. I am talking, of course, of the way the bill would work if we did not have such an abnormal surplus as we now have. The reason we provided in the bill that not less than 70 percent of a 10-year average ending in 1932 was to be taken, is because we do not want the quota to be less than 10,000,000 bales. It is felt that 10,000,000 bales of cotton for any one year is an amount small enough.

I believe that after we are able to work off the surplus cotton we now have on hand the cotton farmers of the Nation probably will be able to plant, say, from 12,000,000 to 14,000,000 bales, so as to conform to the domestic consumption, the export, and the normal carry-over requirements. I take it that figure will be reached the moment we work off our enormous surpluses.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BAILEY. The Senator contemplates, then, for the next year—the year 1938—that the production of cotton should be limited to 10,000,000 bales. Is the Senator prepared to inform me what North Carolina's quota would be of the 10,000,000-bale crop?

Mr. ELLENDER. It would depend on various circumstances. I do not have the figures.

Mr. BAILEY. I thought perhaps the Senator had the figures.

Mr. ELLENDER. I do not have the figures available.

Mr. BAILEY. I am going to ask for them, because I think we ought to know what we are doing.

Mr. ELLENDER. In other words, if the Senator could give me what is the average production of North Carolina—

Mr. BAILEY. I thought perhaps the Senator had the figures in the report. I should like to know what they are.

Mr. ELLENDER. The quota has not been worked out by States, taking 10,000,000 bales as a figure, because I saw no necessity for it. I do not know what the quota is going to be.

Mr. BAILEY. I thought, perhaps, the Senator knew. I will ask the Senator another question. It is, then, contemplated that thereafter, by the means of reducing the crop to 10,000,000 bales for 1 year or 2, or so long as it is necessary to do it, we shall hope to come back to a fourteen or fifteen million bale crop?

Mr. ELLENDER. That is my hope.

Mr. BAILEY. Will the Senator tell me how he expects fourteen or fifteen million bales of American cotton to be consumed when the American market takes only 8,000,000 bales, which leaves 6,000,000 bales, and our foreign market is being taken away from us? I should like to have some light on that problem.

Mr. ELLENDER. I believe that it can be shown that the better quality of American cotton is in demand. I really and truly believe that we can so improve the staple itself by getting a longer staple that many of the foreign countries will not be able to compete with us. We have the facilities to do that, and my information is that much of the cotton that is now being produced in Brazil and used in Japan and other foreign countries is mixed with American cotton. It is necessary that American cotton be used so as to properly manufacture Brazil cotton and that of other countries. If we are able to improve the staple, I firmly believe that the time will come when we can produce as much as fourteen or fifteen million bales, without undermining the price.

Furthermore, we can find new uses for cotton. The Senator from Mississippi [Mr. BILBO] has a bill before the Congress now seeking the establishment of laboratories in order to try to find out new uses for cotton. It strikes me that we can put our heads together and find new uses for cotton, and grow a better quality of cotton, so that in the course of a few years we may be able to increase not only home consumption but the foreign consumption of American cotton as well.

Mr. BAILEY. So the Senator's view is based on a theory, a hope, and an opinion? We have, however, got to deal with facts with which we are confronted at this moment. I wish the Senator would enlighten me as to just what the situation is with respect to the facts which we know. The foreign production of cotton has increased by 8,000,000 bales since 1933; the foreign consumption of cotton has increased perhaps some three to four million bales; but the foreign consumption of American cotton has decreased by 3,000,000

bales during the same period. The world is increasing its production of cotton; the world is increasing the consumption of cotton; but the cotton producers of America are losing in the consumption of the world. Should we not address ourselves to that problem? What does the bill provide with a view to recovering the loss of the foreign market for American cotton? That is the existing fact with which we are confronted.

Mr. ELLENDER. I suggest to the Senator that there is pending before the Congress now a measure which a good many have advocated providing that the Government shall pay a subsidy to the cotton farmer equal to the cost of producing the cotton for home consumption and that the surplus which goes into export shall be sold at a cheaper price.

Mr. BAILEY. Such a measure is pending, but there is no such provision in this bill.

Mr. ELLENDER. I understand there is not such a provision in this bill, but I am prepared to say, so far as I am personally concerned, that I would rather take this bill than to try to have the American cotton farmer compete with China, with Brazil, and other nations, and thus send our rich soil over the seas. I think we want to keep it here. That is my view.

Mr. BAILEY. Let me interrupt the Senator at that point.

Mr. ELLENDER. Certainly.

Mr. BAILEY. Then the Senator's view is that we should confine our cotton crop to an amount sufficient for domestic consumption, which is, say, 8,000,000 bales a year, rather than undertake to compete in the foreign markets?

Mr. ELLENDER. No, sir; that is not my view.

Mr. BAILEY. The Senator is taking the view that we should make the abandonment of the foreign market complete, is he not?

Mr. ELLENDER. No, sir; that is not my view. I said there was a bill pending proposing such a subsidy, but that is not my view. I think also there is a substitute for the pending bill that will carry out the views of the Senator from North Carolina. As I understand, the idea is to pay a greater price for the cotton consumed here and let the cotton that is exported be sold in competition with foreign-grown cotton.

Mr. BAILEY. But that bill does recognize the necessity for undertaking to recover the foreign market or that portion of it which has been lost in the last 4 years—8,000,000 bales.

Mr. ELLENDER. It may do that, but it would be at great cost to the American people.

Mr. BAILEY. Well, let us see as to the cost.

Mr. ELLENDER. I refer as part of the cost to the depletion of our soil.

Mr. BAILEY. Suppose we should confine the crop to the American consumption, which we will put, say, at 9,000,000 bales. How many farmers would that throw out of work? What would happen in Texas and Alabama and elsewhere to the cotton producers? What would happen to the people who gin the cotton? What would happen to the railroads? What would happen to the ships that carry the cotton? These are great economic questions relating precisely to the policy to be pursued.

I will tell the Senator what will happen in North Carolina. I wish to notify the Senators from the Middle West that North Carolina will quit cotton; they will get rid of North Carolina as a cotton-problem State. We will be glad to do that, but we will go into hogs and corn. We produced 44,000,000 bushels of corn this year; we can produce 144,000,000 bushels of corn, and we can produce it just as cheaply as can the Iowa farmer. There was a time when we could not ship our meat, but we can now do so. A hog killed in North Carolina this afternoon can be sold in New York tomorrow morning. The transportation question is settled. In the light of that, drive us in North Carolina out of cotton, and I notify the Middle West that we will go into hogs and corn. That is a problem that should be dealt with right now.

Mr. RUSSELL. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. RUSSELL. That raises a question in my mind that I should like to have the Senator from Louisiana explain to me. I had thought also that the curtailment of cotton production in the South would bring about a wider diversification of farming. I know that in my State, as in North Carolina, we can produce corn, wheat, dairy, and poultry products, but a reading of the provisions of the bill will disclose that, while the farmers of Georgia could go into the other fields of production, they would not be able to market their crops. That is one feature of the bill that disturbs me very much, namely, that if we decrease our cotton acreage so as to produce a crop of only 10,000,000 bales of cotton, no other money crop can be grown on the lands that are taken out of cotton production.

Mr. BAILEY. Mr. President, will the Senator from Louisiana let me respond to the Senator from Georgia, since he seems to have addressed his remarks to me?

Mr. ELLENDER. I yield.

Mr. BAILEY. I wish to ask the junior Senator from Georgia if he is willing to encourage a national policy by a system of so-called penalties which I think are in the nature of taxes upon commerce between the States. I think that is what a 75-percent tax on the value of the cotton amounts to. Should the Congress pursue a policy that would prevent the farmers of North Carolina from being driven out of cotton and prevent them also from going into the production of hogs and corn, and, if that is the case, to what will they go; what will be their recourse? I should like to hear those practical questions discussed.

Mr. ELLENDER. I may say to both the Senator from North Carolina and the Senator from Georgia that that matter was discussed before the committee.

Mr. BANKHEAD. Mr. President, will the Senator yield to me for a question?

Mr. ELLENDER. I yield.

Mr. BANKHEAD. It seems to be inferred in this discussion that the reduction contemplated is a permanent one. I should like to ask the Senator if the real cause of the proposed action is not the existence of an extreme emergency in the shape of the accumulation of an unwieldy price-depressing surplus, and that thereafter, when that has been reduced, is it not the program to increase acreage and production to a point that all the world will buy American cotton?

Mr. ELLENDER. That is what I explained to my colleague, the senior Senator from Louisiana [Mr. OVERTON], a while ago. Increased consumption of cotton is to be obtained by finding new uses for cotton. For instance, in our trade agreements, instead of using automobiles to trade with, why should we not use cotton? It strikes me that we could put our heads together and could find quite a number of uses for cotton that are not in view now.

As I say, this proposed legislation represents an earnest effort on our part to try to correct existing conditions in the hope—

Mr. BAILEY. But, if I may interrupt the Senator, notwithstanding our earnest efforts, we are confronted by the simple fact that our foreign market is being rapidly taken away from us. Let me repeat the fact that, while we have been pursuing certain policies for the past 4 years, other portions of the world have increased their crop to the extent of 8,000,000 bales a year.

The Senator from Alabama says that when we get through with this present process—whenever we may—we will then hope to sell to foreign nations whatever they will take. The question is whether they will take anything. At the rate we are going, if we follow the past rate of decrease, nothing will be left to us. It has not been long since 60 percent of our cotton was sold abroad. Then we dropped to the point where only 50 percent and then 40 percent was sold abroad, and if I read correctly Mr. Secretary Wallace's speech at Memphis, we are now selling only 23 percent of our cotton abroad. We dropped from 60 percent of our cotton crop sold abroad to 23 percent. The big drop from 42 percent to 23 percent came during the last 4 years, and that drop came notwithstanding the fact that the world is increasing its consumption by

5,000,000 to 6,000,000 bales a year. We are getting no part of that increased consumption. Is it not a serious question, if we go on as we are now going, whether the little 23 percent we now have will disappear in another 4 years, and we will be left where our cotton crop of the South can be sold only on the domestic market—and the consumption of our cotton by the United States is only 9,000,000 bales.

Mr. ELLENDER. I should like to have the Senator's views as to how we can grow this cotton and send it abroad and compete with coolie labor conditions, which generally prevail in those countries, and which we certainly do not want in the United States.

Mr. BAILEY. I think the question is a practical one. The matter of the production of cotton, like the matter of the production of anything else, is a matter of volume in relation to cost. Under the soil-conservation plan, if it is properly carried out and adhered to, we can bring the soil to a condition that will enable us to produce 400 pounds of cotton per acre. This year the production, which was extraordinary, was only 258 pounds per acre.

The average over a 10-year period has not been in excess of 160 or 170 pounds per acre. If we can lift the production per acre to 400 pounds we can sell the cotton abroad in competition with foreign-grown cotton.

But I raise the question, if we should not do that, whether it would not be a wiser policy for the National Government, not just the South, but the National Government, to take at least a considerable portion of the money we now propose to spend under the provisions of this bill and spend it in the way of export bounties.

Mr. ELLENDER. What difference would it make so far as the cotton farmer is concerned?

Mr. BAILEY. It would enable the cotton farmer to sell abroad and still get a relatively good price. It would meet the point of competition which the Senator raises.

Mr. ELLENDER. For how much does the Senator think we could produce cotton, and for how much would it sell?

Mr. BAILEY. Cotton is now selling, with this great crop on hand, at 8 cents a pound. If we paid a bounty of 2 cents—

Mr. ELLENDER. Under this bill the very thing the Senator is discussing is provided for, namely, larger production and encouraging greater production per acre. We have the soil-conservation program and we are saying to the farmer, "We are allotting you so many bales of cotton to the county." That is broken down in terms of acreage and we are then telling the farmer, "All you produce on that given acreage you can market." It may be that in the course of a few years the goal about which the Senator from North Carolina is now talking can be reached and we can produce twice as much cotton per acre as in the past. There is nothing in the bill to prevent it, as I understand.

Mr. BAILEY. The trouble about the bill is that it is not going in that direction, and while we have a good soil-conservation program we come in now with a program which proposes to apply a prohibitive tax on cotton. It tends to arrest the whole progress and hold it still while the remaining foreign market is taken. Once the foreign market disappears we need not hope to recover it. If, 5 years ago, we had pursued the proper policy we would have that foreign market now.

Mr. ELLENDER. How could we have stopped Brazil and China from growing cotton?

Mr. BAILEY. We could have done it through the means of an export bounty.

Mr. CONNALLY. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Texas?

Mr. ELLENDER. I yield.

Mr. CONNALLY. Let me ask the Senator from Louisiana what good it does to have the foreign market if we do not make any money out of the foreign market?

Mr. ELLENDER. That is what I want to know.

Mr. CONNALLY. I want to maintain our foreign market, but I do not see any economy in starving ourselves to death at home in order to undersell foreigners in the foreign cotton market.

Mr. GEORGE. Mr. President, may I ask the Senator from Louisiana a question?

Mr. ELLENDER. Certainly.

Mr. GEORGE. I understood the Senator to say that the bill contemplates that the total production of cotton in 1938 would be 10,000,000 bales.

Mr. ELLENDER. That is due to the enormous surplus on hand.

Mr. GEORGE. I merely want to get the facts. Did those who framed the bill contemplate that cotton would be produced in the United States next year in an amount not to exceed 10,000,000 bales?

Mr. ELLENDER. When we first mentioned the subject a 12,000,000-bale figure was discussed as well as 10,000,000 bales. Using the yardstick which is provided for in the bill, personally I do not see how it is possible under the bill to permit the growing of more than 10,000,000 bales.

Mr. GEORGE. I understand the bill lays down a formula which would prevent the reduction of cotton produced in the United States below approximately 10,000,000 bales; but I ask the Senator from Louisiana as a member of the Committee on Agriculture and Forestry—and I am going to answer the question of the Senator from Texas [Mr. CONNALLY] too, with the permission of the Senator from Louisiana. I understand it is contemplated that we will produce next year, under this bill if it becomes a law, 10,000,000 bales of cotton. I understand that the Senator, in answer to my colleague's question, stated that no acreage taken out of cotton could be put into any other competitive money crop.

Mr. ELLENDER. I did not say that.

Mr. GEORGE. I am repeating the question and I am asking the Senator now if that is the theory of the bill?

Mr. ELLENDER. As I started to state awhile ago when I was interrupted by the Senator from North Carolina [Mr. BAILEY], that feature of the bill was fully discussed before the committee. I offered an amendment which I thought would take care of the situation complained of by the junior Senator from Georgia [Mr. RUSSELL]. I felt that there ought to be a provision in the bill—and I have an amendment to that effect which I shall offer at the appropriate time—to permit the farmers of the South, and in fact the farmers of the Nation to continue the same practices as in the past, and only prevent them from using their diverted acreages in competition with other controlled commodities. In other words, I do not think it is right—

Mr. GEORGE. If the Senator will pardon me, I do not want to debate the question of right and wrong. I only want to get the facts. I want to know if it is the theory of the bill, and if the bill is drawn for the purpose of preventing any acreage taken out of cotton, for instance, from being put in corn under the same conditions that apply to the corn producer.

Mr. ELLENDER. Yes; as it is at present written.

Mr. GEORGE. That is the theory of the bill?

Mr. ELLENDER. Yes; as it is at present written.

Mr. GEORGE. Now, I answer the Senator from Texas that if we are going to reduce the cotton acreage and if we cannot plant those acres in anything else to give the people employment, we had better hold on to the foreign market. It seems to me to be perfectly simple that if we are going to freeze the cotton-producing areas in their present position, freeze them as they are and cut down the cotton production to the point where we cannot give employment to labor and maintain the industries that depend upon it, we would be much better off to take chances in the foreign market.

I want to know what the bill is, and I am simply asking for the facts. I understand why a cotton farmer who has reduced his cotton acreage should not go into competition with another farmer who has also reduced his acreage, except under the same conditions that the other farmer has to

meet; but to say that he shall not go into the production of any other money crop at all is simply to freeze him where he is. The Senator must know that under all the farm programs we have had up to this time the per capita income of the cotton farmer has been increased only about \$147, the average per capita income under the total farm program we have had. The Senator must also know that the cotton farmer is at the bottom of the economic ladder in the first place. There is no doubt about that. If we are going to freeze him there, I cannot see any virtue at all in the measure. I want to support it, but I do not see how we could be asked to do a thing like that.

While the average per-capita income of the cotton farmer under all the programs we have had has been increased approximately \$147, the average per-capita income of other farmers has gone up two, three, and four times that amount. I do not ask for any sympathy for the South, but I have heard Senators on this floor deplore the condition that existed in the South; and I desire to say to my colleagues on the committee that if they propose a bill which will limit our production to 10,000,000 bales of cotton per year, and if they freeze us in the position where we now are as to other cash crops, they will have simply destroyed southern agriculture.

I desire to remind the Senator that yesterday I listened to the Senator from Alabama [Mr. BANKHEAD]—a Senator who has my greatest respect and confidence—when he said, as I understood him, that parity price for cotton really had no place in this bill. If I correctly understood him, I desire to know what we are asked to take.

Mr. BANKHEAD. Mr. President, I think the Senator from Georgia misunderstood me if he understood me to say that. I said that with the money now available it would be impossible to reach parity; that it might be done some day, but it would take a very large additional sum of money to do it now.

Mr. GEORGE. That is what I understood the Senator to say, that it was impossible for us to hope for parity.

Mr. BANKHEAD. At this time, because I did not think it was possible to raise something like \$500,000,000 more at this time to bring about that result.

Mr. GEORGE. That is what I understood the Senator to say.

Mr. GILLETTE. Mr. President, will the Senator yield to me briefly?

Mr. ELLENDER. I yield.

Mr. GILLETTE. Representing as I do a corn-wheat section, I have been much interested, of course, in the statements made by the Senator from North Carolina and the Senator from Georgia with reference to the diversion of acreage to products that might come into competition with the products of our section of the country. The bill as it was considered in the Committee on Agriculture and Forestry had in it a provision which left that matter wide open; but as the bill is now drafted, as I understand, there will be presented to every corn farmer and wheat farmer who produces for market a crop-adjustment contract.

If he is producing less than 300 bushels of corn on his soil-depleting base acreage with normal yield, he will not be presented a crop-adjustment contract for 1938, or, in the case of wheat, if he is raising less than 100 bushels. Otherwise, the farmer will be presented that contract, whether he signs it or not. If he signs it, he becomes a cooperator. If he does not sign it, he is eligible, and if marketing quotas are imposed he will come under their provisions. As the junior Senator from Georgia [Mr. RUSSELL] just stated, if a farmer desires to divert cotton acreage to the production of corn over and above this soil-depleting base, he may do so if he does not become a cooperator for 1938, which will be the first year, or the following 2 years when a contract is next offered to him. He may produce it, but he cannot sell it in the market, nor can he feed it to meat-producing animals which are designed for selling in the market.

Mr. CONNALLY. Mr. President, will the Senator from Louisiana yield to me for just a moment to reply to the Senator from Georgia?

Mr. ELLENDER. Yes; I yield.

Mr. CONNALLY. I do not want the Senator from Georgia to misunderstand what I said about the desirability of maintaining the foreign market. I should like to maintain the foreign market; but I cannot see any economy in anybody wanting a market where he has to sell below cost, as in the case of the merchant who said to his customer, "I will sell you this article below cost." The customer said, "How can you do that?" "Well, because I sell so much of it; I am doing a big business."

If we can maintain a foreign market and still sell cotton at some profit, fine. But I do not see any sense in trying to starve the foreigners to death and in the process starving with them.

The Senator says that the cotton farmer of the South is at the lowest ebb. He probably is, and he is at the lowest ebb because he has been producing more cotton than the world wanted. It seems to me the salvation of my section is to reduce the production of cotton by a reasonable amount, diversify, plant more things that can be consumed on the farm, and that the family can consume, have some cows and some hogs and some chickens and feed to them this produce that we can raise, and still raise some cotton, but not try to choke the world's markets to death and in the process sell our cotton below the cost of production.

That is what I had in mind. I do not want to surrender the foreign market, but I do not want to try to compete in the foreign market when the foreign market does not offer us any return. I do not see any benefit in a market just because it is a market to play around with, unless we get some money in our pockets out of the market.

Mr. BYRNES. Mr. President—

Mr. ELLENDER. I yield to the Senator from South Carolina.

Mr. BYRNES. I asked the Senator from Louisiana to yield for the purpose of requesting him to explain to the Senate the reason for what seems to be a discrimination against the cotton farmer in using land heretofore devoted to the production of cotton, the question being prompted by the question of the Senator from Georgia. The Senator from Iowa [Mr. GILLETTE] has answered that the farmer may produce corn on cotton land, but he cannot sell it to market, nor can he feed corn to cattle to be sold to market. If that is so, what can he do with it? Of what use will it be to give him the right to produce a product if he can do nothing with it?

Mr. ELLENDER. I may say to the Senator from South Carolina that that question was discussed before the committee; and it was my thought that the bill should be so amended that the farmer who raised a few hogs in the past, let us say, on a cotton farm, or raised a few cows and chickens, and sold them, should not be affected in any way; but if such a farmer tried to use his diverted cotton acreage to increase the production of hogs or poultry beyond what he formerly produced, I say it would be reasonable then to prevent that, because we are saying to the corn man of Illinois, for example, "Cut down your crop. You are producing too much corn. Divert your acreage." Then if we permit the cotton man who diverts for the same reason that the corn man diverts—that is, to cut down production—to raise other crops for market, we certainly are not treating the corn man of Illinois fairly, because what he cuts down we are permitting the cotton district to plant.

I believe there is a good deal of reason why we should not permit diverted acreage, either of corn, wheat, or any of these commodities, to be planted to other competing commodities, but relegate it only to whatever the farmer has been accustomed to raising in the past; or I may say, further, that a farmer who desired to do that could get a corn contract if he could come within the purview of the law.

Mr. BYRNES. Possibly I misunderstood the Senator. I understood the Senator to say there is a prohibition as to the cotton farmer which is entirely different from the provisions of the bill as to the farmer who is producing wheat or corn.

Mr. ELLENDER. Oh, no; the prohibition applies to all. It applies in the same way to every commodity.

Mr. BYRNES. It applies to corn?

Mr. ELLENDER. Certainly; it applies to wheat or corn as well as it does to cotton or any other commodity. The diverted acreage cannot be planted to a competing commodity.

Mr. GEORGE. Mr. President, may I ask the Senator what the corn farmer is prevented from planting on his diverted acreage under the bill?

Mr. ELLENDER. He would be prevented from planting cotton, let us say. He would be prevented from planting wheat, because it would compete with other commodities. That is the theory of the bill.

Mr. BYRNES. The theory is not that a farmer in Michigan would be prevented, for instance, from planting cotton?

Mr. ELLENDER. I do not suppose cotton could be planted in Michigan; the climate of Michigan is too cold.

Mr. AUSTIN. Mr. President, will the Senator yield for a question at that point?

Mr. ELLENDER. I yield.

Mr. AUSTIN. I am unable to find the provision, if one exists in the bill, for penalizing a cotton farmer for exceeding the quota of acreage that he could plant to cotton. In other words, I ask whether there is such a provision and where it is in the bill. Is there anything in the bill to control the acreage, other than the marketing quotas?

Mr. ELLENDER. A cotton farmer who produced on more acreage than he was allotted would be considered a non-cooperator. That is, I mean, he would violate the law, and he would be prevented from marketing such cotton as he grew on that excess acreage. That is as far as the bill goes.

Mr. AUSTIN. As I interpret the answer, it is that as to cotton the bill does not contain any enforcement clause relating to the acreage quota, and that it differs in that respect from the provisions relating to corn and wheat.

Mr. ELLENDER. That is correct.

Mr. AUSTIN. That is correct?

Mr. ELLENDER. Yes.

Mr. AUSTIN. Further, I do not find the provision, if there is any, which requires of a cotton farmer that he divert land heretofore employed in raising cotton to a use designated by the Secretary of Agriculture. Is there any such provision?

Mr. ELLENDER. Yes. If the Senator will turn to the portion of the bill relating to definitions, he will find what constitutes marketing—that in the production, let us say, of corn on the farm, the farmer who sells over 25 percent of his production would be considered in the nature of a violator of that provision of the law; that is, if he takes the corn and converts it into poultry, or hogs, or anything of the kind, he could not sell them, but he could use the corn on the farm for his own use, or for feed for his cattle and poultry for home consumption.

Mr. AUSTIN. We have gotten off cotton and onto corn. I am trying to get an understanding of the differences between the types of control of agriculture which are involved in the bill as I have read it.

Mr. POPE. Mr. President, will the Senator from Louisiana yield that I may reply to the question asked by the Senator from Vermont?

Mr. ELLENDER. I yield.

Mr. POPE. There appears at the top of page 38, subsection (b), as follows:

Any person knowingly purchasing or selling cotton marketed in violation of subsection (a) shall pay a penalty of 75 percent of the purchase price of the cotton. Such penalty shall accrue to the United States.

With reference to the corn and wheat provisions of the proposed law, the penalty is 50 percent of the parity price; but as to cotton, it appears to be 75 percent of the purchase price of cotton in the form of a civil liability.

Mr. AUSTIN. I was aware of that provision, which is limited solely to marketing and violating the quota for marketing.

Mr. POPE. Yes.

Mr. AUSTIN. Where is the provision, if there is any, relating to diverting land heretofore planted to cotton? I

do not find anything like what appears on pages 18 and 19 relating to corn and wheat. There we find a definite provision; it is compulsory. It relates to the contract, and says the contract "shall" provide for the diversion, and also "shall" provide with respect to the production of other crops. Apparently any kind of agricultural crop is included in that other "shall" provision, but I find nothing at all with reference to what must be done and what cannot be done by the producer of cotton when and if he diverts from cotton production to something else.

Mr. POPE. Of course, Mr. President, under the corn and wheat provisions of the proposed law a voluntary contract may be signed by the grower or may not be signed. If he signs the contract, then he is under contractual obligation to divert certain soil-depleting acres to soil-conserving acres. In the pending bill, however, there is provision that the Soil Conservation Act will apply in cotton-producing areas, and I take it that the Soil Conservation Act as now administered, which is itself voluntary, as the Senator knows, would apply to the diverting of acres planted to cotton. So that there is a diversion now under the soil-conservation program, and would be under the proposed law; but with reference to corn and wheat, there is a contract provided for doing the same thing.

Mr. AUSTIN. That leads right into this: On page 81, in subsection (h), there is this other element of coercion applied to cotton as well as to the other base commodities, namely, that no payment shall be made under the conservation act spoken of by the Senator from Idaho unless there is grown on the farm in question—that is, a cotton farm in this case—"an acreage of food and feed crops sufficient to meet home consumption requirements."

Is it not true of cotton, in this case, that there is compulsion through the payment under both the proposed act in question here and the soil conservation and domestic allotment acts, a coercion exercised through withholding payments under either of those acts unless the cotton farmer complies with the direction of the Secretary of Agriculture with respect to every other aspect of his production?

Mr. ELLENDER. I might answer the Senator from Vermont on that point, that is, with reference to the particular subsection referred to on page 81 of the bill. That is a provision which I, as a member of the committee, advocated, and as far as I can see, the Secretary would have the right to impose under the proposed law the conditions under which, with reference, let us say, to the soil-conservation payments, a farmer will be paid. He can say to the farmer that he must divert so many acres of this and so many acres of that, because the soil is depleted. He may say, "We are going to pay you provided you conform to certain rules and regulations which are now in force. We pay you to divert."

If the Secretary has the right to do that, then I say that he can impose upon the farmer a further condition to receiving the payment, and the purpose of the subsection to which the Senator refers is that farmers of this Nation who can grow their own living at home, as is stated there, will be given the opportunity of doing so, so that they can produce their commodities cheaper. It is a live-at-home program, and to me that is really the heart of the bill, insofar as the small farmer is concerned, because if it can be brought about that the small farmers of the Nation grow their own living, I believe a good deal of the distress which now exists will fade out. That is the purpose of the subsection referred to.

Mr. AUSTIN. Mr. President, will the Senator permit another question?

Mr. ELLENDER. I yield.

Mr. AUSTIN. Evidently I have come to headquarters with my uncertainty. Let us assume that the cotton farmer, or the corn farmer, or any other of those who raise the basic commodities covered in the bill, does grow on his farm an acreage of food and feed crops sufficient to meet home consumption requirements, but that in his practice of agriculture for years he has raised much more than that, and that his

method of marketing is through the sale of eggs or milk. What then? Does the bill stand the same with the corn farmer as with the cotton farmer when it says to the corn farmer, "Your acreage of corn cannot exceed so much, and if it does exceed that then you are under the penalties of the act," whereas it says to the cotton farmer, "Your acreage shall not exceed so much, but there is no penalty at all excepting that you cannot market it"? Have I an understanding about the bill that is correct—that there is such a difference between the control of corn and wheat on the one hand and cotton on the other; that there is compulsion over the corn farmer of three types and no compulsion over the cotton farmer at all with respect to the acreage he can plant on his farm?

Mr. ELLENDER. In further answer to the question propounded as I have just explained, the purpose of the subsection referred to is merely to try to have the farmer grow his living at home.

With reference to the compulsory feature, I wish to say that there is absolutely nothing in the bill to prevent a corn farmer from growing more corn than is allocated to him. If he does, he gets no benefit payment, he does not get anything in the way of payments. He cannot get a loan on the corn, he cannot get a parity payment on the corn.

Mr. AUSTIN. That is held to be compulsion, is it not?

Mr. ELLENDER. I do not know whether it would be held to be compulsion or not, but I say there is an offer made to that man, "If you do so and so, such and such will happen. You do not have to do it, you do not have to sign a corn contract or a wheat contract if you do not want to." But the proposed act states to him, "You sign that contract, you enter into that contract"; and if 51 percent of the farmers engaged in the production of wheat or engaged in the production of cotton agree to it, that is, sign similar contracts, then this act with reference to corn and wheat becomes effective insofar as those who actually sign the contract are concerned. It does not bind the others at all. The Secretary merely gives to the farmer the privilege of doing it, and if he does it, compensates him. If that is coercion, then I do not know what coercion means.

Mr. NORRIS. Mr. President, the language in question, concerning which the Senator from Vermont [Mr. AUSTIN] has propounded his question to the Senator from Louisiana [Mr. ELLENDER], was offered in the committee as an amendment by the Senator from Louisiana. I voted for it, and most members of the committee did, although the vote was not unanimous. I voted for it with the understanding, which I still have, that it was intended to compel, or perhaps it would be better to say induce, the small cotton farmer to have a garden, to have a hog or two, to produce sufficient food for his family and for the necessary stock which he had.

The Senator explained that it was a common thing among the small cotton farmers to have to buy the feed for their horses or mules, that they had no garden, and that they produced nothing but cotton. The object of the amendment was to induce those farmers to have a garden, to produce the food that the family of the farmer would consume and that his stock would consume, and not to pay him unless he did that.

Mr. President, it seemed to me then and it seems to me now that that would be the proper thing for a small farmer to do. It would mean, in the aggregate, a great deal of prosperity to the small cotton farmer. In other words, it would induce him to produce his own food instead of being compelled to buy it.

As every one knows, a man living on the soil ought to be able to produce enough to supply himself and his family if the soil is suitable. I understood that the language of the provision made such a requirement. Perhaps that is wrong. I have heard the objection made by some Senators from the South that it is not the right kind of provision; that it ought not to be in the measure.

Mr. President, so far as I am concerned, I have an open mind.

If a reason exists why the provision should be stricken out, I think it ought to be stricken out. As the language was read by the Senator from Vermont, I think probably the language is too strong. The farmer is compelled to raise food. He might plant and not raise. That is what sometimes happens in the West. Perhaps it does not happen in the South. But there ought to be leeway, so that if he did his best to produce the food, and did not produce it, he would be relieved from any possible penalty.

That amendment was offered, as I remember now, in the committee on Sunday night at about 11 o'clock or 12 o'clock. The committee had been in session all day Sunday, and all day Saturday, and all of Saturday night. It may be that the Members adopted the amendment without giving it as careful consideration as they ought to, and perhaps it needs some change.

Mr. ELLENDER. Mr. President, I may state to the Senator from Nebraska that the amendment is very broad, and, as I understand, it gives to the Secretary of Agriculture ample powers in order to meet the objection, or supposed objection.

Mr. NORRIS. I suppose some Senators would object to giving any power to the Secretary. It seems to me some Senators are opposed to giving any power to anyone. It may be that the provision could be put into such shape that the language itself would not confer that much power on the Secretary.

Mr. ELLENDER. Mr. President, I am not particularly wedded to the language. What I am interested in is to make it feasible for the small farmer at least to grow his living on the farm. I have known of instances where cotton farmers have devoted every acre of their land to cotton, and not even a bushel of corn was raised for hogs, or for mules, or for horses. I believe that if we can make it possible to so provide that the small farmers of our Nation will grow their own food, it will be a godsend to them, and it will increase their purchasing power. We shall then not have the condition which exists on some cotton farms of the South today, and also on some tobacco farms, where they have no gardens, and the little cash that is received from their crops goes toward buying food to eat—food which they themselves can grow on the farms. The object of the section is to provide that the farmer shall grow his own food. I think that is a valid purpose. If the provisions of the amendment are too broad, I shall cheerfully listen to any proposed amendment thereof. However, I think we should make imperative, if we can, that the small farmer should grow his own living on the farm.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. RUSSELL. I should like to suggest to the Senator from Louisiana, and to other Senators, that a great deal of the cotton land of the South is the property of absentee landlords who require their tenants to plant every acre of land in cotton, and those tenants have no option in the matter. If the amendment is legal, I think it will have a very fine and salutary effect, because under its provisions the landlord cannot benefit unless he permits the growing of food-stuffs on the land for the use of the tenant and his family.

Mr. NORRIS. Perhaps the amendment ought to be broadened in that respect, because, as I understand, it does not apply to the landlord. In view of what the Senator has said, it ought to apply to him.

Mr. RUSSELL. I understood it provided for a limitation of the soil-conservation payments made in respect to the farm, and in that case it would affect the landlord.

Mr. ELLENDER. Yes.

Mr. AUSTIN. Mr. President, will the Senator yield to me for a moment?

Mr. ELLENDER. I yield.

Mr. AUSTIN. I believe there has been a misunderstanding about that particular clause.

It was not my intention to have what I said taken as an objection to the theory of small farms being diversified so as to be self-supporting. That was not my point. I was really trying to find out what the bill provides in order to

understand the difference between the regulating or controlling features on these different basic commodities, because I think we have to consider them all in order to ascertain whether or not the policy which we are evidently putting into force by this bill is a good policy for the agriculture of the United States. That is really my objective. I should rather be inclined to favor the encouragement of diversifying crops on a farm and enabling a farmer to be self-sustaining on his land.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BYRNES. I simply wish to confirm the statement of the Senator from Georgia [Mr. RUSSELL]. I think the objective of the Senator from Louisiana is most praiseworthy. If there is any question about the language, it can be amended; but certainly I congratulate the Senator on offering the amendment, because it will be most helpful to the man who most needs help.

Mr. ELLENDER. I thank the Senator from South Carolina.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield.

Mr. GEORGE. In what I said a moment ago I had no reference to this provision. I hope the Senator understood that I was speaking of other provisions of the bill. Of course, no one objects or can object to diversification on the farm, and to a self-sustaining farm. In that respect the condition of the cotton farmers can be very greatly helped. There is no question about that.

What I asked the Senator from Louisiana was whether my understanding of his reply to my colleague the junior Senator from Georgia [Mr. RUSSELL] was correct, that no part of the diverted acreage could be put into any other competitive crops. We have in the South, as all Senators who are familiar with it know, large acreages which were formerly planted to cotton; and if we can put no part of those diverted acreages into any competitive crops, then we are in a position of very great disadvantage.

I do not want the Senator from Louisiana or any other Senator to misunderstand me. Of course, I do not think that in a general farm program diverted acreage should be put into direct competition with a farmer who has produced another kind of crop, and who also is himself diverting his acres. I did not think that was the purpose of the bill. I thought that if a cotton farmer wished to become a corn farmer or wished to become a wheat farmer—let us say it would be possible in some instances to do that—he could, by complying with the conditions that rested upon the corn and wheat farmer, step in to increase his production in those products.

I might illustrate by saying that the farmer who takes his land out of cotton might be able to go into the dairying business to a limited extent, in some instances to a considerable extent, but he would be forestalled under the terms of this bill if he could not use his diverted acreage for the production of any kind of competitive crop; that is, crops grown by other farmers of the United States. I cheerfully concede that he should not become a competitor of another farmer who is himself complying with this general farm program, except upon the same conditions; that is, that he meet all the conditions which have to be met by the corn farmer, if he wishes to become a corn farmer.

I wanted to make this statement: The Senator from Louisiana, of course, knows that the hog industry, the production of swine for the market, is a growing industry in the South, particularly in the Southeast.

Right in the cotton area there are many farmers who, it may be said, have become predominantly producers of hogs rather than cotton, although they may continue to grow some cotton. There are others, of course, who have wholly abandoned cotton.

Mr. ELLENDER. Has that been in recent years, may I ask the Senator?

Mr. GEORGE. It has been a progressive movement; it has not taken place in the last 5 years, by any means; it

has taken place within the last 25 or 30 years, since it is a general movement for diversification, and has involved the production of more poultry, particularly more livestock, hogs, and some cattle, although cattle producing, of course, is not extensive. There is also dairying going on in the South and has been for a long, long while. Most of our cotton land can be put to nothing except the production of feed crops for hogs, poultry, and, perhaps, for dairying purposes.

Mr. GILLETTE. Mr. President, will the Senator yield for just a moment?

Mr. ELLENDER. I yield.

Mr. GILLETTE. Referring to paragraph (h), on page 81, to which the Senator from Vermont adverted, while I know the Senator from Louisiana offered it for a very laudable purpose, and it appeals to all of us for the purpose to which he alluded, since the discussion has arisen, as the language is now drawn, I should like to have the Senator's opinion as to a hypothetical case of this kind: A corn-adjustment contract is offered to me as an Iowa corn farmer, and I sign it; under the provision as now drawn no payment shall be made to me with reference to corn unless I raise on that farm "an acreage of food and feed crops sufficient to meet home consumption requirements." Must I raise wheat on the farm sufficient for the uses of my family before I can draw the benefit of the corn under the language as now drawn and appearing in the bill?

Mr. ELLENDER. The purpose is simply to provide for the raising of such food as can be consumed and utilized on the farm. Say the farmer has wheat which he can use, or hogs which he can reduce to lard or bacon on the farm, or chickens and eggs, and so forth and so on. It would be limited, of course, to those crops, vegetables, and so forth, that could be grown on the farm for home consumption. That is the intention and purpose of the provision.

Mr. GILLETTE. I know that is the purpose, but I am wondering if, as at present drawn, it would not prevent me from drawing corn payments unless I raised enough wheat for my family?

Mr. ELLENDER. For home consumption?

Mr. GILLETTE. For home consumption.

Mr. ELLENDER. I do not think, by any stretch of the imagination, it would be extended that far.

Mr. GILLETTE. My protection would be the regulations of the Secretary of Agriculture?

Mr. ELLENDER. Exactly. In other words, it is left to the Secretary. The Senator certainly would not be obligated to grind his own flour or anything like that. That is not the purpose of the amendment by any means.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. AUSTIN. Does the Senator believe that the provision should be construed so that if one other farm crop which furnished food for human consumption or feed for cattle were raised on such a farm, that would be all that would be required under this clause?

Mr. ELLENDER. I should think so.

Mr. AUSTIN. Just one other crop?

Mr. ELLENDER. No. I say to the extent of the farmer's ability, and as is suitable, and under such rules and regulations as the Secretary shall prescribe. It is very broad. If, perchance, the subsection needs amendment in order to make it positive, very well; but the object, as I explained a while ago, is to attempt to have the farmer grow his own living on the farm to the extent of his ability to do so. That is the object of the provision.

Mr. AUSTIN. I notice that the clause relates to acreage rather than to the definition of the food or feed crops.

Mr. ELLENDER. It is to not mix it in with the soil-conservation program. Any diverted acres could be used for that purpose under such rules and regulations as may be prescribed by the Secretary for the purpose of raising food crops on the farm.

Mr. AUSTIN. But, if a farmer has not acreage so diverted that is adequate to raising beets sufficient for home consumption—

Mr. ELLENDER. And is able so to divert it.

Mr. AUSTIN. Then, he is out?

Mr. ELLENDER. That is correct. The Secretary may provide, if it is feasible, practicable, and suitable, that beets or any other food for home consumption that the farmer can raise shall be raised in accordance with the act. That is the extent of the provision.

Mr. AUSTIN. It is all up to the Secretary?

Mr. ELLENDER. Yes; it is up to the Secretary to provide the rules and regulations.

To continue, Mr. President, let me say that it is not my purpose to deal any further with reference to cotton except to point out the amendment that I think should be adopted by the Senate in order to clarify the language on page 35, paragraph 1, so that there will not be any mistake about it. As I said a while ago, the allocation of the cotton acreage to the various counties of the State was to have been made on the basis of the last 5 years' production. The amendment offered by the Senator from Mississippi [Mr. BILBO] has changed the provision to this extent. It now provides:

(c) The amount of the national marketing quota allotted to each State shall be apportioned by the Secretary among the several counties or subdivisions thereof in such State upon the following basis:

(1) The proportion that the land devoted to tilled lands on cotton farms in the county is of the land devoted to tilled lands on all cotton farms in the State.

The amendment I propose, so as to make it conform with other provisions of the bill, is the following:

Provided, however, That the lands devoted to crops for market other than cotton shall be excluded in determining tilled lands under this subsection (1).

The same amendment is proposed on page 36, line 6, after the word "year", so as to make it conform with the method of allocating the acreage as it is determined for each county.

Mr. President, if there be no further questions as to cotton, I shall now refer to tobacco production.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BILBO. I offer an amendment to the pending bill, and ask that it be printed and lie on the table. It will be called up subsequently.

The PRESIDING OFFICER. Without objection, the amendment will be received, printed, and lie on the table.

Mr. VANDENBERG. Mr. President, will the Senator from Louisiana yield for a quorum call?

Mr. ELLENDER. I yield.

Mr. VANDENBERG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	Overton
Ashurst	Davis	King	Pittman
Austin	Dieterich	La Follette	Pope
Bailey	Donahey	Lee	Radcliffe
Bankhead	Duffy	Lodge	Russell
Barkley	Ellender	Logan	Schwartz
Berry	Frazier	Loneran	Schwellenbach
Bilbo	George	Lundeen	Sheppard
Borah	Gerry	McAdoo	Shipstead
Bridges	Gibson	McCarran	Smathers
Brown, Mich.	Gillette	McGill	Smith
Brown, N. H.	Glass	McKellar	Stelwer
Bulkeley	Graves	McNary	Thomas, Okla.
Bulow	Green	Maloney	Thomas, Utah
Burke	Guffey	Miller	Townsend
Byrd	Hale	Minton	Truman
Byrnes	Harrison	Moore	Tydings
Capper	Hatch	Murray	Vandenberg
Caraway	Hayden	Neely	Van Nuys
Chavez	Herring	Norris	Wagner
Clark	Hitchcock	Nye	Walsh
Connally	Johnson, Calif.	O'Mahoney	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. ELLENDER. Mr. President, as I stated awhile ago, I wish now to devote my remarks to that part of the bill dealing with tobacco, title IV, page 40 of the bill.

Mr. OVERTON. Mr. President, before my colleague leaves that part of the bill which deals with cotton, will he yield to me?

Mr. ELLENDER. Certainly.

Mr. OVERTON. I wish to ask whether any evidence was adduced before the committee in reference to the question of how much land should be allocated to the growing of cotton. The bill provides for 3 percent of the State quota to be allocated to farmers producing cotton for the first time in the last 10 years. Was any evidence adduced as to whether that is sufficient?

Mr. ELLENDER. No evidence was introduced to ascertain exactly how many farmers or how many farms had not produced cotton in the past 10 years. However, I may say to my colleague that the inhibition applies only to cotton farmers who have not planted any cotton at all in the last 10 years. If any farmer could show that he did plant cotton 5 years ago, he would be allotted a quota. This inhibition applies strictly to such farmers as have not planted any cotton whatever within the past 10 years. I do not believe any evidence is available to enable us to determine just how much land would be affected.

Mr. OVERTON. That means 3 percent of the State quota, so that in some county where there is apt to be more new production than in another county, then in the county where the new production is on the increase that county might get as much as 4 or 5 or 6 percent?

Mr. ELLENDER. Yes; that is correct.

Mr. OVERTON. I mean the county could get more than 3 percent of the State quota?

Mr. ELLENDER. Yes.

Mr. OVERTON. That is, the quota divided throughout the State to take care of new production?

Mr. ELLENDER. Yes.

Mr. OVERTON. So that some counties may get more than other counties, depending on the necessities of the situation.

Mr. ELLENDER. Yes.

Mrs. CARAWAY. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Arkansas?

Mr. ELLENDER. Certainly.

Mrs. CARAWAY. If in a certain county there are farms which have been planted to cotton in the last 2 years, but the farmers had not been growing cotton on those farms for several years preceding, would those farms get their share of the quota allotment?

Mr. ELLENDER. Yes; they get the same as those which have been growing cotton for 50 years.

Mrs. CARAWAY. They would get exactly the same treatment as the old cotton-producing lands?

Mr. ELLENDER. The inhibition applies only to the new cotton growers who have not planted any cotton at all in the past 10 years.

Mrs. CARAWAY. The fear in my State has been that the "new ground" farmers—that is, those who had begun the growing of cotton only within the last 2 or 3 years—would not be eligible to any part of the quota allotment. Evidently from the statement of the Senator from Louisiana that fear is without any basis. Is that true?

Mr. ELLENDER. If that land has been planted to cotton in the last 2 or 3 years they would get their full quota allotment under the terms of the bill.

Mr. CONNALLY. Mr. President, will the Senator from Louisiana yield at that point?

Mr. ELLENDER. Certainly.

Mr. CONNALLY. As I read the bill, in the case of a cotton cooperator who liberates some of his land from cotton and plants it in corn or wheat, he may harvest as much as 300 bushels of corn or 100 bushels of wheat and not come under the penalties of the bill.

Mr. ELLENDER. Provided he uses it on his farm for home consumption.

Mr. CONNALLY. May he feed that corn and wheat to animals on his own farm and then market those animals?

Mr. ELLENDER. No.

Mr. CONNALLY. What good does it do him to have it, then?

Mr. ELLENDER. It is only for home consumption.

Mr. CONNALLY. That is home consumption.

Mr. ELLENDER. I understand what is in the Senator's mind, but he is asking about what is in the bill, and I am telling him.

Mr. CONNALLY. I had been informed by another member of the committee that such a farmer could use the corn or wheat for any purpose on his own farm, feeding it to hogs or cattle or chickens, and then market the animals. The way the bill provides, however, he would have to eat it himself or feed it to his teams, for instance.

Mr. ELLENDER. That is true.

Mr. CONNALLY. He could not sell the milk or the calves or the eggs produced by animals to which he had fed the corn and wheat?

Mr. ELLENDER. In line with what the Senator from Texas has suggested I may say that before the committee I tried in a number of ways to remedy that situation so as to permit any farmer who has followed a certain practice in the past—that is, the raising of a few chickens and hogs and cattle—to continue that practice, so that in connection with his farm operations he could do as he had done in the past, but not to permit him to take away cotton acreage and make a dairy farm or a hog farm out of that acreage. That is the extent to which I suggested the amendment.

Mr. President, if I may be permitted, I shall proceed to the consideration of the tobacco provision covered by title IV of the bill. In this title an effort is made to establish a marketing quota. That quota is based on poundage production, in contrast with acreage production for cotton.

By the way, under the terms of the bill tobacco is defined to be each of the various varieties named, so that flue-cured tobacco, burley tobacco, or any particular kind of tobacco named in the bill may be treated as a separate commodity. It seems that in many of the tobacco-growing States quite a few of the tobaccos are not grown in excess of normal supply. In such cases, where it is not necessary to establish a quota, then no quota is placed on the production of that tobacco and any farmer can grow all he wishes of that kind of tobacco.

Mr. POPE. I think the Senator made a mistake a few minutes ago in interpreting the exemptions contained in section 3 on page 3 of the bill.

As I understood, the Senator from Texas asked the Senator from Louisiana about the farmer who produces 300 bushels of corn or less, and asked him if some portion of that 300 bushels of corn were fed to poultry or to stock and the poultry or stock sold, whether the farmer could do that under the bill.

It is quite clear to me that beginning at the bottom of page 5—

For the purposes of this act wheat and corn shall be deemed to be produced for market except in the following circumstances—

There are two exceptions. First, if 75 percent is consumed on the farm and only 25 percent marketed, the producer is exempt. "Consumed on the farm" is defined to mean home consumption customarily fed to livestock on the farm by the farmer or any member of his family. So the restriction which the Senator indicates might come in on that exception. But so far as the second exception is concerned, which reads as follows:

Whenever in the case of corn the aggregate normal yield of the soil-depleting base acreage for such commodity is less than 300 bushels, and in the case of wheat such aggregate normal yield is less than 100 bushels—

In that case there is no restriction. In other words, a man may raise 300 bushels of corn, feed it to hogs or chickens, sell the hogs or chickens, and there will be no restriction at all on him. The restriction with reference to

selling to market is contained in the first exception and not in the second exception. So a farmer may raise 300 bushels of corn and feed all of it to hogs or poultry and sell them, as I understand, and he will not be considered producing for market.

So the restriction on producing for market is contained in the first exception; and I think the Senator, in answer to the question of the Senator from Texas, misinterpreted that provision.

Mr. ELLENDER. The theory of the Senator from Idaho being that a man who grows but 300 bushels of corn, let us say, could not feed so many hogs that they would interfere with the hog man in Illinois?

Mr. POPE. My point is that he is entirely exempt, and he may do anything he pleases with the 300 bushels of corn. He may feed it to hogs or chickens or anything else and sell them, or he may consume them on the farm. In other words, there is an absolute exemption of 300 bushels of corn and 100 bushels of wheat. The exemption where 75 percent of the commodity is consumed on the farm, and 25 percent is sold, is not absolute. That is restricted by the definition of "consumed on the farm"; but that does not apply to the second part of the exemption.

Mr. CONNALLY. Mr. President—

Mr. ELLENDER. I will ask the Senator from Idaho what is meant by this language on page 6, line 12:

Provided, however, That either such commodity shall be deemed to be produced for market if 25 percent or more of the aggregate normal yield of such base acreage is marketed and if the farmer indicates to the Secretary his desire to become a cooperator.

Mr. POPE. All that means is that such a farmer may be exempt and not be regarded as producing for market; but if he desires to sign a contract he may then be entitled to the benefits of the act, or, in other words, become a producer for market. That is all the provision means. He may be entirely exempt. If he does not desire to sign a contract, he will not be affected in any way by the bill; but if he desires to do so, even though he is exempt, he may come under the provisions of the bill.

That is all that provision means.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield to the Senator from Texas.

Mr. CONNALLY. I could not hear all that was said by the Senator from Idaho. Is it his contention, then, that under the provision with reference to 300 bushels of corn and 100 bushels of wheat the cotton farmer who is a cooperator is free to do with that product as he pleases in feeding it to his animals and then may resell them without incurring any penalty?

Mr. POPE. Yes; that is my interpretation.

Mr. CONNALLY. Suppose a cotton farmer has been raising a good deal of corn all the time. May he still produce that amount of corn without getting into the toils of the law? Suppose I have a farm, and I have been putting 100 acres of it into cotton, and putting 50 acres of it into corn. Most of our farmers plant corn. We have to raise corn to feed our teams. Does the bill operate on that cotton farmer in such a way that he must cut down his corn acreage, or may he continue to raise 50 acres of corn?

Mr. POPE. I think the Senator will see that if there is a corn base established on his farm as well as a cotton base, then he shall cooperate—

Mr. CONNALLY. In both respects?

Mr. POPE. In both respects.

Mr. CONNALLY. He would become a corn cooperator and a cotton cooperator?

Mr. POPE. Yes, and observe the regulations with respect to that matter; but if he had been planting, say, 100 acres of corn—that acreage would undoubtedly raise more than 300 bushels—he would then naturally come under this bill as producing for market, unless he actually did consume all of it or 75 percent of it on his farm. These other regulations would come in. He would have to comply with both if he raised both corn and cotton; but if he raised only cotton, we will say, and diverted a certain number of acres to corn,

and either used it on his farm or came within this exemption, still he would not be regarded as producing corn for market.

Mr. CONNALLY. Suppose a farmer had a thousand acres, and had 10 tenants; would each tenant be entitled to raise 300 bushels of corn and 100 bushels of wheat?

Mr. POPE. I think that might be a question of interpretation of the lease. If portions of the farm were leased under separate leases so that they constituted, in effect, separate farms, I think each unit would have to be considered on that basis. If the farmer had leased all his farm to 10 tenants who cultivated it as one farm, I think it would be considered as one farm. That, I take it, would be a matter of interpretation of the lease.

Mr. VANDENBERG. Mr. President, I am very much interested in the point raised by the Senator from Texas. Does the Senator from Louisiana agree to the interpretation now submitted by the junior Senator from Idaho?

Mr. ELLENDER. As to the 300 bushels, I do. What I really had in mind in answer to the question of the Senator from Texas was a larger amount than that. If more than 75 percent is consumed on the farm, then it would not be considered as produced for market within the terms of the bill, no matter how much he produced.

Mr. VANDENBERG. So both Senators now agree on the interpretation of the bill?

Mr. ELLENDER. Yes, sir; as to the 300 bushels.

Mr. VANDENBERG. That is a relief.

Mr. CONNALLY. Mr. President, I am very greatly obliged to the Senator from Idaho and the Senator from Louisiana for clarifying that particular point, because, while I am interested in helping the cotton farmer, I do not want to make it impossible for him to eat now and then.

Mr. ELLENDER. Now, Mr. President, to proceed with the tobacco title of the bill:

As I stated a while ago, each kind of tobacco is considered a commodity in itself, so that if a particular kind of tobacco as defined in the bill must have a quota, then the Secretary, prior to the time the tobacco is planted, is to determine what is the marketing quota for that particular tobacco. As to all other tobaccos that may not need quotas because not enough is produced for export and home consumption, no marketing quotas at all will be established; and every farmer in the Tobacco Belt will have the unrestricted right, as I understand the bill, to produce those kinds of tobacco that do not come under the marketing quotas.

Let us assume that there is a brand of tobacco—let us say burley, or flue-cured—the amount of which on hand exceeds by 10 percent the normal supply as defined in the bill.

The normal supply as defined in the bill is the average of what has normally been produced for the past 10 years, plus the average of what has been normally exported for the past 10 years, plus 175 percent of that amount as a carry-over in case of tobacco that is consumed in the United States, and 65 percent in the case of tobacco that is exported. All of that, added together, will form what is called the normal supply. After the marketing quota is fixed by the Secretary, he then calls for a referendum; and if more than one-third of the tobacco farmers vote against the marketing quota, no quota will be established. It requires a two-thirds vote of the tobacco farmers voting to establish a quota.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

Mr. ELLENDER. Yes.

Mr. VANDENBERG. That would not necessarily mean two-thirds of the tobacco farm interests, would it?

Mr. ELLENDER. No; only those voting.

Mr. VANDENBERG. It could easily be possible, then, that two-thirds of a minority which itself would be a minority could vote the control upon the entire industry. Is that correct?

Mr. ELLENDER. That is correct.

Mr. VANDENBERG. Does the Senator think that is all right?

Mr. ELLENDER. I think the tobacco man who is interested in his welfare ought to come to the polls and vote. He

has the opportunity, just as the people from Michigan have the opportunity to go and vote for Senator VANDENBERG and send him here.

Mr. VANDENBERG. I understood the Senator to say that was a privilege. I agree with him. [Laughter.]

Mr. ELLENDER. I say it is. There may be in the State of Michigan 500,000 voters; and suppose only 50,000 voters come to vote on the election day. Would the Senator feel that the Senator from Michigan should not take his seat because only 50,000 voted to send him here?

Mr. VANDENBERG. No; but I do not think the analogy is justified. I pass the almost irresistible inclination to detour for personal comment; but I do not think there is any analogy between a public election, with a secret ballot, at a large series of stated polling places conveniently accessible to all interested electors, and a mass meeting called by the Secretary of Agriculture, whipped up, unquestionably, by the paid committee members of the structure which the Secretary has created all over the country in respect to his operations, and manifestly made to order for secretarial control of the result. Does not the Senator agree that that pictures the situation?

Mr. ELLENDER. No; I do not believe the voting can be manipulated in that manner. In fact, so far as I am concerned, we are giving to the tobacco farmers a certain right which we think will improve their condition. That is our theory. Assuming that is correct—if I notify the tobacco growers of North Carolina, for instance, and the tobacco growers of Georgia that we expect to impose a marketing quota under this act—the Secretary of Agriculture cannot go and notify a little bunch over in Raleigh and another little bunch over in another neck of the woods, and say, "You folks in those two places vote for the tobacco marketing quota so that we can tie up all these other fellows." That is not the spirit of it, and that is not the way it is going to be done, because the Secretary is to fix the way the referendum is going to be held.

Mr. VANDENBERG. That is what I am afraid of.

Mr. ELLENDER. He is going to have to advertise it, and it is to be carried on by people in the community elected by the farmers. What else will the Senator suggest so as to make it plain that it is an offer to all of the tobacco growers of a particular section to come and vote their convictions if they so desire?

Mr. VANDENBERG. For instance, I would suggest that the ballot be taken by mail, with a ballot mailed to every eligible commodity farmer in the given field of activity. What has the Senator to say about that?

Mr. ELLENDER. Of course, it would be possible to stuff the ballot box and do things like that. I am assuming that we are all honest, and that we are going to carry on the referendum as we should carry it on. The Senator from Michigan is now assuming a condition which may have prevailed in certain elections. I am going to give the benefit of the doubt to the farmers of a locality, and assume that they will take care of their interests, and will come to the polls, just as the voters of Louisiana would come and vote for me for the Senate.

Mr. VANDENBERG. If the Senator will yield further, I am very much interested in this referendum provision, because it is a pretty serious thing, and I suppose there is a grave constitutional question; at any rate, it is a very serious thing when it is proposed that the Secretary of Agriculture be allowed to call an election in which a minority of farmers raising a given commodity can force a hundred percent of all the farmers into a compulsory system. May I ask how the voting is to occur? Let us take the case of wheat. Does the farmer with a hundred acres have the same vote that a farmer with 50,000 acres has?

Mr. ELLENDER. He does.

Mr. VANDENBERG. It is just man for man?

Mr. ELLENDER. Yes; and the same with tobacco. In fact, there is no distinction made as to any of these commodities so far as the voting power is concerned. It is really relegated to the farmer, whether he be a tenant farmer or not, just so he is a farmer; just so he cultivates a certain acreage of the commodity that is proposed to be voted on.

Mr. VANDENBERG. Would the Senator object to a slight change in the system so that, instead of requiring two-thirds of those voting to agree, which, as the Senator concedes, could be something of a fiction, so far as the full representation and reflection of the farmers is concerned, there would be a requirement for a 51-percent vote of all involved in the commodity production?

Mr. ELLENDER. That would be probably impossible to accomplish. Cotton farmers may want the quota and be sincere about it, but just say, "Let George do it. Somebody else will do it for me. I am not going to the polls and vote," the same as they do in many elections. I have known of elections held in Louisiana, where there are 400,000 voters, when as few as 75,000 or 100,000 came to vote. If everyone is to have a chance, as I feel would be the case under the pending bill, all could be given an opportunity. They know whether or not it is for their welfare; and if they feel it is not for their welfare, let them come and organize and vote against it. The privilege is accorded to every tobacco grower and every cotton grower, and I have faith that they will come and vote for their interests.

Mr. VANDENBERG. Would not the Senator concede that the Secretary of Agriculture will be greatly interested in precipitating this compulsion as soon as possible?

Mr. ELLENDER. No; I do not believe that of the Secretary of Agriculture, because I believe the Secretary of Agriculture has the interest of the farmers of the United States at heart. He ought to have, and if he has not, kick him out. That is my view.

Mr. VANDENBERG. Well, Mr. President, the Senator seems to arrive at the rather strange conclusion that if the Secretary is interested in the compulsion which the pending bill permits, he has done something that is inimical to the farmer.

Mr. ELLENDER. No; he has certain rules and regulations by which he is guided. The matter must be submitted to all of the farmers. That is, it is advertised, it is publicized. Another provision in the bill is that after the referendum is held and after the quota is distributed among the farmers as per the yardstick laid down in the bill, then any tobacco grower has the right to question the acreage, or the poundage, as in this case, allotted to him. One could not ask anything beyond that.

Mr. VANDENBERG. The Senator is going afield from my inquiry now. I am still interested in the referendum.

Mr. ELLENDER. I understand all that, but the point is that the election is so held, and the quotas are so distributed after that, that the cotton man or the tobacco man or the rice man will be on guard and will come and vote to protect his interests.

Mr. VANDENBERG. Let us be entirely realistic about it.

Mr. ELLENDER. That is what I am trying to do.

Mr. VANDENBERG. My question is no reflection upon the Secretary. The Secretary believes in the theory of the bill, does he not?

Mr. ELLENDER. I have not talked with the Secretary much about the bill; I do not know, but I think he does. I feel that the Secretary might probably like to see some amendment put into the bill, perhaps, with reference to the method of fixing the quotas for wheat and corn. There is a little difference there, but I think that, as a whole, the Secretary, from what I can understand—though, as I have said, I have not talked much with him about it—feels that the bill is a step in the right direction and will lead to something better in the future.

Mr. VANDENBERG. I am sure the Secretary agrees with the theory of the bill. Agreeing with it, has he not already a great organization spread through the country which is responsive to his administrative orders—local committees, State committees, and district committees?

Mr. ELLENDER. I would not say that, because I would not want to charge the Secretary—

Mr. VANDENBERG. I mean a perfectly legitimate administrative organization.

Mr. ELLENDER. The Senator does not mean it that way.

Mr. VANDENBERG. What does the Senator from Louisiana mean by that?

Mr. ELLENDER. As I understand the Senator's question, he means, does not the Secretary have them under his thumb?

Mr. VANDENBERG. I mean precisely that.

Mr. ELLENDER. I did not misjudge the Senator's meaning.

Mr. VANDENBERG. What is the answer? What does the Senator think about it?

Mr. ELLENDER. I would not want to charge a county agent in my parish, for instance, an honest, sincere man, with bowing down to the whims of the Secretary of Agriculture.

Mr. VANDENBERG. That is not what he does. He is a soulmate of the Secretary of Agriculture, or he would not be in the job he has.

Mr. ELLENDER. He may be responsible indirectly to the Secretary.

Mr. VANDENBERG. Precisely.

Mr. ELLENDER. But he does not owe his job to the Secretary.

Mr. VANDENBERG. Very well; he is probably sympathetic or he would not have the job. Does not the Senator think so?

Mr. ELLENDER. Who?

Mr. VANDENBERG. The local committeeman. He is probably sympathetic with the Secretary's scheme of things?

Mr. ELLENDER. I would say to the Senator from Michigan that it is not the county agent, it is not a man under the Secretary of Agriculture who will handle the election. It will be handled by the local farmers.

Mr. VANDENBERG. I understand that. I beg the Senator's pardon; I had no intention of making such a lengthy interruption. In a word, however, what I am submitting to the Senator is that when an election respecting compulsion is called, there is in existence a great existing machinery which is sympathetic to the general idea of compulsion, and there is not in existence any comparable machinery upon the other side. Therefore, all the impulse will be in behalf of voting the compulsion, and in addition to creating a situation that is made to order for this machinery to assert itself in behalf of the Secretary's ideas, the Senator is quite willing, as I understand his very frank answer to my question, that a minority of farmers dealing in a given commodity shall bind all the farmers in that commodity to compulsion under the directions of the Secretary.

Mr. ELLENDER. Yes; I am. I say in further answer to the question of the Senator from Michigan, that if he will read the hearings as to cotton and tobacco—

Mr. VANDENBERG. I cannot read the hearings. They are not in print.

Mr. ELLENDER. The Senator can get them. Several days' hearings are in print and are on the Senator's desk now. If the Senator will read those hearings, he will find whether the cotton farmers of the South and the tobacco farmers of the South are willing to be controlled. I would say that in the case of cotton I believe that not less than 80 to 85 percent of the cotton farmers of the entire South want control with, as they put it, teeth in it—solid teeth in it.

Mr. GEORGE. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. GEORGE. I ask the Senator if under the provisions of the bill the referendum is to be taken on each specific type or class of tobacco?

Mr. ELLENDER. Yes, Mr. President.

Mr. GEORGE. I also ask the Senator, because he has been very diligent in the committee hearings and in a study of the whole subject, whether under this allotment to the individual farmer, speaking of the tobacco allotment, substantially the same program that is now in use or has been in use during the past 3 or 4 years when the Soil Conservation Act has been in effect would be followed?

Mr. ELLENDER. Does the Senator mean with respect to the allotments?

Mr. GEORGE. In respect to the allotments.

Mr. ELLENDER. I may say to the Senator that I have an amendment to offer which will carry out the very idea that the Senator is now expressing. Under the terms of the bill as originally drafted a tobacco farmer would get a minimum of 2,400 pounds, or he would get his average tobacco production for the preceding 3 years.

Mr. GEORGE. Whichever was the smaller.

Mr. ELLENDER. Yes; whichever was the smaller. At the request of quite a few tobacco growers I have prepared an amendment so as to make the bill conform as nearly as possible to the method of distribution which has prevailed in the past under the Soil Conservation Act. The idea is not to give any tobacco grower less than he has produced in any one of the preceding 3 years.

Mr. GEORGE. That is, not to reduce him below that amount.

Mr. ELLENDER. That is correct.

Mr. GEORGE. The Senator from Louisiana proposes to offer an amendment which will have that effect?

Mr. ELLENDER. Yes; that is the purpose of the amendment I propose to offer. If the Senator will turn to page 44, I shall gladly read it to him. In connection with that amendment, covering the point the Senator from Georgia has just mentioned, I will propose a further amendment providing that in the case of flue-cured tobacco the allotment shall be 3,200 pounds rather than the 2,400 pounds originally fixed in the bill. The purpose of the amendment is to raise the quota as to flue-cured tobacco. I understand that in the case of flue-cured tobacco an economic farm unit consists of 4 acres.

Mr. GEORGE. And 3,200 pounds is considered an average production during ordinary years?

Mr. ELLENDER. Yes; with 4 acres. At an average of 800 pounds per acre the 4 acres would give to that farmer a minimum, that is, a fixed amount of 3,200 pounds. The farmer then can have facilities on that farm in order to take care of that amount of acreage. In other words, that is about the way an economic farm unit operates in Kentucky and various other States with reference to flue-cured tobacco particularly.

Mr. GEORGE. In the flue-cured tobacco area?

Mr. ELLENDER. Yes.

Mr. GEORGE. I think the Senator is substantially correct. What I was most anxious to know was, if the amendment should be adopted, would it follow that the individual tobacco producer would not be cut down below the quota he has had under the program during the last 3 or 4 years?

Mr. ELLENDER. That is right. That is the purpose of the amendment.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BAILEY. I understand that the Senator proposes to lift the minimum from 2,400 pounds, as provided in the bill, to 3,200 pounds.

Mr. ELLENDER. With respect to flue-cured tobacco only.

Mr. BAILEY. Yes. That relates to North Carolina. We produce flue-cured tobacco. At 30 cents a pound, 3,200 pounds would amount to \$960. Assuming that it would cost the farmer half that sum to produce it—and I think that is a fair figure—then he has been limited to an income of one-half of \$960, which is \$480. That is done by act of law, and that is to stand forever. What does the Senator from South Carolina say about that?

Let us get the idea clearly before us. By an act of the Congress of the United States provision is made with respect to a man with some land and a little family, the members of which are growing up; he is given an allotment and a minimum by which his income, even at very good prices, is limited for as long as he lives to \$480. Can the Senator from Louisiana reconcile that with anything like humanity or progress?

Mr. ELLENDER. The purpose of the bill, of course, as I conceive it, is to help the farmer—to help him get a better price for his products.

Mr. BAILEY. Does the Senator think it helps the farmer so to fix the situation by law that as long as he lives his income cannot be over \$480 a year? Is that helping the farmer?

Mr. ELLENDER. A farmer of that kind, I will say to the Senator, will get his just proportion—in fact, the same proportion as may exist with respect to other farmers in that locality. It does not necessarily mean that a farmer cultivating a piece of land of the size the Senator describes will get only 3,200 pounds. If he has produced more than that in the past, he can produce more in the future. If he has a family such as the Senator has described, with several children growing up, his production in the past would, in all probability, have exceeded the minimum that is fixed in the bill.

Mr. BAILEY. Yes; but I am taking the case of a great many farmers whose production in the past has been 3,200 pounds or less; and my point is that now, by act of the Federal Government, we fix it so that he can never have a hope, as long as he lives, of getting any more money than that.

Here is a man who has a family. Over here are other farmers, some getting as much as \$10,000 a year. Now, by act of Congress, it will be said to the one class of farmers, "You shall always have \$10,000"; but to this little fellow over here it will be said, "You shall never have more than \$480 a year."

I simply wish to know if that is a good policy or a good law.

Mr. ELLENDER. Of course, as I said, I believe that it is going to do the farmer more good if he plants a limited acreage, rather than letting him cover creation and get nothing for his tobacco. I think he might be better off by operating under the provisions of the bill. If we read the bill as a whole—

Mr. BAILEY. I am just speaking about the small man here.

Mr. ELLENDER. Let me continue.

Mr. BAILEY. Very well.

Mr. ELLENDER. I suggest that the bill be read as a whole and that then reference be made to page 81, where we provide that the farmer must grow his own living. I assure the Senator that if the farmer of North Carolina, who in the past planted 4 acres or planted 6 acres of tobacco, to produce a certain amount, gets a parity price for his crop, and he knows in advance approximately what that price is going to be, he will be better off than the man who plants a large acreage of tobacco at a time when tobacco, let us say, is 30 cents a pound, but when he goes to pick it he gets only about 10 cents a pound.

What the farmers of this country want more than anything else is stable prices. They do not want exorbitant prices for what they produce. That is not the point at all. What the farmers want is to know that when they produce

a bale of cotton, when they produce so many pounds of tobacco and expect to get 14 cents a pound for the cotton and 30 cents for the tobacco, that when they market that tobacco and that cotton they are not going to get 10 cents a pound for the tobacco and 5 cents a pound for the cotton.

Mr. BAILEY. Mr. President, I am much obliged to the Senator. He has told us what he thinks the farmer wants; that is a matter of opinion. I am going to say that I do not know of any farmer on earth who wants his annual income for life limited to \$460. Perhaps he does, but I do not believe it. We will differ there. But I come to another question. The Senator just now said that he believes that two-thirds of the farmers voting should have a right to impose the control terms of this bill upon the other one-third. Is that correct?

Mr. ELLENDER. That is correct, and that is what the bill provides.

Mr. BAILEY. The Senator is taking the view that the one-third who are limited so long as they live to \$460 a year can be made the victims of the other two-thirds who, say, are getting a thousand dollars a year, and who can always outvote the one-third. Does the Senator intend to contend that there is any substance of right or virtue in a situation in which two-thirds of the farmers can control the other one-third or in which two-thirds of the painters of America can control the other third or in which two-thirds of the preachers can control the other third or two-thirds of the mechanics can control the other third or two-thirds of the merchants can control the other third? Why should we make a rule which gives two-thirds of the farmers the power to control the lower third—I mean lower in income—and keep them at \$460. I should be glad if the Senator would explain that.

Mr. ELLENDER. As I pointed out to the Senate as best I could, this whole country has been governed since the Civil War by less than a third of the people of the country.

Mr. BAILEY. Mr. President, let me call the Senator's attention to the fact that Government relates to policies; I will agree to that. We do have control, but we do not have control by mass democracy. The majority of the people of the United States cannot possibly control the policies of North Carolina, and they never have done so.

Mr. ELLENDER. I will say to the Senator from North Carolina that the marketing quota is not, as he says, established for life. If a number of farmers this year should be in the fix the Senator says his friend would be in, they could get together and perhaps defeat the vote next year and not have any quota at all. I will bet the Senator all I have that if the election should fail and an overproduction should follow and the farmer should get about 10 percent or 15 percent of his original price for tobacco, he would come back and vote himself a quota. He will have the right to do it; he will have the opportunity to express his views and vote for or against the proposition.

Mr. BAILEY. Mr. President, I should like to respond to the Senator's proposal to bet me all he has got—

Mr. NORRIS. And I should like to hold the stakes. [Laughter.]

Mr. ELLENDER. I do not think it is necessary to argue it any further.

Mr. BAILEY. But I am unwilling to carry on the argument by the willingness of one on the other side to bet on his opinions. I will let that go. What I am getting at is—and it is very serious with me—that the Senator is taking the view that because there is a theory of democracy in America that theory can be carried into all the relationships of life. I am going to ask leave just to say a word to him.

The theory of democracy in America is representative, constitutional democracy; it is not mass democracy; and it relates only to those matters in which the Government is concerned. When the Senator undertakes to carry that

theory out into the relationship of one group of men to another, he has gone a bowshot beyond anything we have ever undertaken here. I understand the Senator has taken the view that two-thirds of the farmers who have allotments of, say, 5,000 pounds or more shall always have the right to control the other third who have allotments of 3,200 or less and keep them in that position. If that be the Senator's view, I should like to have him say so.

Mr. POPE. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield.

Mr. POPE. Let me ask the Senator from Louisiana whether he considers that a more serious matter than that two-thirds of those who vote—not all the property owners affected, but of those who vote—in a bond election may impose a tax on the property of the man who does not vote? Let me ask further if the suggestion made by the Senator from Michigan [Mr. VANDENBERG] is any more serious than that a small number of property owners, so long as the two-thirds who participate vote favorably, may impose taxes for paving, for irrigation assessments, or any other of the numerous taxes that are levied upon the minority? In other words, a majority such as was suggested a few minutes ago can vote numerous taxes which may have the effect of taking entirely away a man's property.

Mr. ELLENDER. The same principle is involved.

Mr. POPE. Is this any more serious than that which is recognized throughout the country? My own judgment is that it is not half so serious.

Mr. ELLENDER. All the farmers are given the opportunity to express their views. Every tobacco producer is given that opportunity; and if he chooses to sit at home and not go and express his views by the ballot, why, just let him do so.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BARKLEY. There is no way to compel the grower of any product involved in this bill to vote any more than there is any way to compel any ordinary voter to vote. Up to a few years ago the constant complaint in this country was that not more than 50 percent of the eligible voters ever voted even at Presidential elections. So, in all cases in the election of governors, Senators, and other officials in this country, when the entire voting population does not turn out a minority of all the voters eligible select the men to hold public office.

Either in politics or agriculture, in the absence of any law or any requirement that is compulsory upon the voters to go to the polls, is there any other way by which an expression may be obtained than by a majority or a two-thirds vote of those who are sufficiently interested to cast their ballots?

Mr. ELLENDER. That is what I tried to make plain a while ago. What the Senator from Kentucky and the Senator from Idaho have said applies with equal force to such an election as is contemplated by this bill.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MCGILL in the chair). Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. ELLENDER. I yield.

Mr. CLARK. I should like to ask the Senator who is to conduct the elections under this bill. Referring to the analogy the Senator from Kentucky was just using, if a man goes to the polls and votes in violation of law, if he votes when he is not eligible to vote, he may be subject to prosecution and be sentenced to the penitentiary, and we have public officials whose duty it is to see that the law is observed, and we have regulations, prescribed by law, as to who shall vote and as to the whole election procedure. That is true in every State in the Union. But the referendum provided for by this bill, as I understand, is entirely an unofficial election, without any provision as to who shall prescribe the eligibility of voters, without any penalty for fraudulent voting or anything of the sort, except the will of the Secretary of Agriculture.

Mr. ELLENDER. But when the Secretary provides that only farmers shall vote—cotton farmers, tobacco farmers, or rice farmers, as the case may be—that establishes the qualification; and if a man is a farmer he may vote.

I say the Secretary of Agriculture is as competent to provide for holding a referendum as is the Secretary of State to hold an election; at least, I am willing to repose that confidence in him. I am further willing to permit the farmers themselves, the farmers who are affected, to conduct the election, as is provided under this bill.

Mr. CLARK. According to the analogy just used by the Senator from Kentucky, between this sort of election and a general election, it seems to me that it entirely leaves out the regulations contained in the law of every State in the Union as to the qualifications of judges, in some cases as to registration, as to the preparation of the ballot, as to the expenses of the judges that conduct the election, and the canvassing officers. The whole thing is left absolutely in the discretion of an administrative official, namely, the Secretary of Agriculture. It is no reflection on the Secretary of Agriculture or on any other Government official to say that there is absolutely no analogy between that sort of an election and the elections provided for by the election laws of every State in the Union.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. ELLENDER. Certainly.

Mr. BARKLEY. The analogy which I used was in response to the complaint that a minority of all eligible voters might control the situation, which, of course, is true always in any referendum whether it is political or otherwise. I recognize the force of the Senator's differentiation between this referendum and an election provided by law in a State. At the same time it might be remembered that while the A. A. A. was in force the Secretary of Agriculture held numerous referenda throughout the country among tobacco growers, wheat growers, and corn growers with respect to the continuation of the program. An overwhelming majority of those who voted were in favor of continuation and I never heard of any complaint of any fraud or any effort to vitiate or nullify the real effect of the election.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. ELLENDER. I should like to get through this afternoon, if possible, but I will yield to the Senator from Missouri.

Mr. CLARK. In reply to the suggestion of the Senator from Kentucky, there has always been very great doubt in the mind of anybody who lives in the corn country or the wheat country that those referenda to which the Senator referred did correctly represent the views of the farmers involved. So far as any protest or charge against the election was concerned, there was no machinery set up by which a protest could be made because the Secretary of Agriculture set the thing up on his own responsibility without any authority of law whatever, and there was no way in which a protest could be made.

Mr. ELLENDER. I am willing to leave that to the farmers and let them decide the matter.

Mr. BURKE. Mr. President, will the Senator yield to me at that point?

Mr. ELLENDER. Very well.

Mr. BURKE. I should like to invite the attention of the Senator from Louisiana to the defense made by the Senator from Idaho [Mr. POPE] today and on other occasions while the debate has been going on in reference to a minority vote imposing the restrictions. The defense is that bond issues are voted that way, that a small minority may impose a heavy bond issue upon the taxpayers of communities. I would suggest to the Senator from Idaho that he look into that matter a little more thoroughly. He will find, I am sure, that that system works so badly everywhere that all our communities now have imposed further restrictions and no longer leave it to a bare majority of those who go to the polls, but the common provision is that 60 percent of the highest vote cast in

the last general election must be cast, so that there would not be any possibility such as we might have under this referendum of 30 percent of those who think they are corn producers going to the polls and the required percentage of that number imposing compulsory quota restrictions.

Mr. POPE. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. For about 2 minutes.

Mr. POPE. Two minutes will be sufficient.

I may say to the Senator from Nebraska that I happened to be mayor of a city for a number of years. A number of elections were held under a provision of law requiring a two-thirds majority to carry a bond election. I am also familiar with elections held in various districts with which I have been in one way or another connected. Changes may have been made in the law in many sections, but those same provisions exist and have existed for 20 or more years in my State of Idaho and in my home city. I have never heard any complaint with reference to the matter. Wherever there is any organized opposition to a bond issue, since only a one-third vote is required to defeat it, it is almost invariably defeated. That is in cases where there is any organized opposition. But in my State it is regarded as about as well established as the method of voting at general elections after registration.

Mr. BAILEY. Mr. President—

Mr. ELLENDER. I yield for another question.

Mr. BAILEY. I understand the import of the explanation of the Senator from Idaho. He sees no difference between a bond issue for public improvements and a vote amongst farmers to control the minority. I will let it stand in just that way. If he does not see the difference I do not know that it is worth while to try to make him see it.

I wish to ask the Senator from Louisiana another question. I know he is tired and I do not like to burden him unduly.

Mr. ELLENDER. I shall be glad to have the Senator propound any question he may desire.

Mr. BAILEY. On page 46 of the bill I find this provision:

Any person who knowingly acquires from a producer tobacco marketed by such producer from a farm in excess of the marketing quota for such farm shall be subject to a penalty of 50 percent of the market price of the tobacco on the date of such acquisition.

The market price of tobacco in North Carolina today is somewhere between 24 and 28 cents. We will call it 24 cents. That would mean a penalty of 12 cents a pound.

Mr. ELLENDER. That is true.

Mr. BAILEY. The next bracket or provision is 3 cents per pound in the case of flue cured, Maryland, or burley, and 2 cents for any other kind. Why make the distinction between 12 cents and 3 cents on flue cured, bright, or burley? It happens that Kentucky and Tennessee produce burley and North Carolina produces bright?

If we put a very small tax of 3 cents a pound on burley, then those who produce an excess might be able to afford to produce it and market it because they would get 20 cents a pound for the quota and then would get 17 cents a pound for the excess. But in North Carolina the farmer who gets 20 cents for his quota would get only 10 cents for his excess. It is prohibitive with respect to him, but not prohibitive with respect to the burley producer. Why should that discrimination in the tax be made?

Mr. ELLENDER. There is no discrimination. As I interpret the provision, the purchaser will be subject to the penalty of 50 percent of the market price of the tobacco on the date on which he sells, "or 3 cents per pound in the case of flue-cured, Maryland, or burley, or 2 cents per pound in the case of all other kinds of tobacco, whichever is the higher."

Mr. BAILEY. The Senator clears my mind by saying the tax in North Carolina would be only 3 cents.

Mr. ELLENDER. I can really see no difference.

Mr. BAILEY. Is that the Senator's view?

Mr. ELLENDER. My view is that whichever is the higher would prevail—either 50 percent of the market price or the

price fixed in the provision to which the Senator has invited attention.

Mr. BAILEY. The Senator can read it that way, can he? Is that the intent of the bill?

Mr. ELLENDER. That is the interpretation I would put upon it personally. I cannot answer the Senator's question as to why a difference should be made.

Mr. BAILEY. Assuming that the meaning of the bill is 3 cents a pound penalty, and tobacco is now selling at 24 cents a pound, I could sell my quota for 24 cents a pound and I could richly afford to sell my excess for 21 cents a pound. The Senator's proposed control would mean nothing.

Mr. ELLENDER. That may be true, but that is not the interpretation I place on that section.

I may say further, with reference to any tobacco that is produced over the quota, that a tobacco farmer is not prevented under the terms of the bill from growing more than his quota. He is only prevented from marketing it. If he chooses to grow a thousand pounds more than his quota, he can grow that much tobacco and either sell it and pay the 50 percent penalty or he may keep it in storage and sell it the next year.

I cannot imagine anything more fair than that, and I think this provision is in accord with the views of the majority of the witnesses in the tobacco-area hearings. However, I may say that many witnesses testified that they would rather have absolute control; but I think the bill as drafted with reference to tobacco expresses the sentiment of the vast majority of the witnesses who testified at the hearings held in the tobacco States.

I do not know that I have anything else to add with reference to tobacco. On page 45 the Secretary, under section 43, is authorized to suspend quotas in case it should be determined that a sufficient supply of tobacco is not in sight. He may adjust the quotas under that part of the bill in case of national emergencies, or war, or anything of that kind.

The bill further provides that the farmer shall keep records of the sale of tobacco, and, likewise, the purchasers of tobacco may be required to keep records in order to keep tab on the tobacco that is bought and sold. That provision in a measure is about along the same lines as contained in the other sections of the bill with reference to other commodities.

Now we come to the rice section of the bill.

The essential difference between the rice part of the bill and, let us say, the corn and wheat part of the bill is this: As I said earlier in the day, in the case of fixing marketing quotas with respect to wheat and corn, the commodity is produced and must be impounded in bins. After that is done—that is, after the marketing quota is put in effect and after the commodity is impounded—the farmer who sells corn or wheat in violation of the law is penalized according to the provisions of that part of the bill. In the case of rice the bill is a little different.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Virginia.

Mr. BYRD. The Senator spoke of impounded corn. May the farmer feed that corn to chickens if he sells the eggs?

Mr. ELLENDER. No; it is to be left there for marketing. In other words, in order to be fed, it must be released, as I understand. The only way by which, let us say, corn could be released is if the farmer agrees for the next year to divert enough acreage to produce normally whatever is impounded.

Mr. BYRD. Who releases it?

Mr. ELLENDER. The Secretary of Agriculture, of course.

Mr. POPE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Idaho.

Mr. POPE. I will say to the Senator from Virginia that 2 or 3 days ago he raised that question with me; and since that time I have checked on the bill as carefully as I could so far as corn is concerned. I have also discussed the matter with persons in the Agricultural Department, and the conclusion at which I have arrived is that there may be removed from the sealed or stored portion of the grain suffi-

cient for seed and for consumption on the farm, but not enough to feed stock or poultry for marketing.

Mr. BYRD. Suppose a farmer had some chickens and sold half the eggs and ate half the eggs, could he use any of this corn to feed the chickens?

Mr. POPE. Of course, the Senator may raise numerous questions of that kind. If the farmer marketed a substantial portion of his commodity, and did that as a part of his business, I should assume that the rule would have to be applied. If he divided the commodity half and half, I do not know exactly what would be determined. My judgment is that under a liberal interpretation of the bill, if only an inconsiderable part of the commodity were marketed, the rule would not apply.

Mr. BYRD. Suppose the chickens became very prolific at certain seasons of the year, and while normally the farmer did not sell any eggs, the chickens at certain seasons produced so many eggs that the farmer wanted to sell some of them. Could he feed the chickens this impounded corn and sell some of the eggs?

Mr. POPE. My own judgment is that if the matter were a minor one, it would not be regarded as an infringement.

Mr. BYRD. It would be a technical infringement, however.

Mr. POPE. A technical infringement, yes.

Mr. BYRD. Another thing—I observe that the bill provides that a farmer who has a starving neighbor is not permitted to give him any corn or wheat that the farmer raises. Is it necessary to provide in the bill that a farmer shall not give away his own products?

Mr. POPE. Under the definition of marketing—which is the ordinary definition of marketing, I may say—I do not suppose that a man would be prosecuted for giving a little corn or wheat to a neighbor, but that again might be a technical violation of the provisions of the bill.

Mr. BYRD. But he would be guilty of violating the provisions of the bill. I understand marketing to be a transaction in which a man gets something in return for his product. If he gives it away, he gets nothing in return. Why is it necessary, then, to prohibit a farmer from giving away some of his wheat and corn if he wishes to do so?

Mr. ELLENDER. Mr. President, I am very desirous of trying to complete my remarks this afternoon; and unless there are further questions I shall proceed.

The quota for rice is fixed in this way: There is first established what is known as a domestic allotment. Instead of taking into consideration the amount of rice produced for home consumption and adding to it our exports, the only amount of rice that is to be considered in fixing the domestic allotment is the amount of rice which is produced for consumption in the United States and that which may be produced for sale to Cuba.

The reason for considering exports to Cuba is that there is at the present time, as I understand, a trade agreement between this country and Cuba whereby Cuba has agreed to reduce its tariff on rice to such an extent that the rice produced in this country may be sold in Cuba on the same basis as rice shipped into Cuba by other countries. The total of our domestic consumption, plus shipments into Cuba under the existing tariff preferential, is designated as the domestic allotment. The bill provides that the domestic allotment shall be broken down—that is, shall be distributed among the States—in proportion to the amount of rice produced in each State, first, for the past 5 years; secondly, for the past year; and thirdly, on the base acreages fixed under the Soil Conservation Act.

It is thought that distributing the quota among the States under that yardstick would be the best and most equitable way in which to do it. After the State domestic allotment is fixed, instead of breaking it down to counties as is done in the case of cotton, corn, and wheat, the quota is left to the State as a whole, and is distributed among the farmers as follows:

One-third of the quota fixed by the Secretary is to be distributed on the basis of the base acreage for the farmer under the Soil Conservation Act.

Another third is to be distributed according to the average amount of rice produced by the farmer for the past 5 years.

The third portion of the allotment is distributed among the farmers in proportion to the average amount of rice produced by each farmer in 1937. The reason for this method of distribution is to give to each farmer an equitable allotment, and in the making of the distribution with reference to the second and third methods I have described, the amount of diverted acreage must be taken into consideration, so that the rice farmer who did not comply with the agricultural-adjustment and soil-conservation programs will not be given an advantage over one of the other farmers who did comply. In other words, the whole acreage of rice that was planted by a noncooperator will be given weight, but likewise, as to the cooperator, we are going to add to his base acreage, if he followed the soil-conservation plan, the acreage he diverted, and that, in our opinion, is going to give to each grower a just and equitable allotment.

The next provision in the bill with reference to rice is as to the marketing quota. As I said a moment ago, the provision with respect to the marketing quota differs from that relating to wheat and corn in that in reference to rice the marketing quota is based, not on what the farmer has on hand, but on what he is going to produce the following year. The Secretary would fix the figure as to the amount of rice that is necessary to maintain a normal supply, which consists of so much for home consumption, so much for export, and 10 percent of domestic consumption and exports for carry-over. When that figure is established as a marketing quota, then the marketing quota is referred to the rice growers by referendum. If one-third of the rice growers vote against the quota of course it does not become effective. However, if by referendum the farmers vote for it, then the marketing quota is distributed among all the growers, whether cooperators or noncooperators, on the same basis provided for the domestic allotment which I have just described.

Each farmer is allotted so many pounds. There is nothing in the bill to prevent a farmer from producing more than his quota. If he does, he can sell it, but must pay a penalty of half a cent a pound for each pound that is sold in excess of his quota. That feature of the rice title operates about in the same way as does the penalty provided in the tobacco title. The only difference is in the amount, I believe.

With reference to rice I may say further that the bill as originally drafted contemplated the imposition of a processing tax. For that reason it was provided that benefit payments, that is, the payments to be made from the taxes collected from the processor, would be paid on the domestic allotment, and I feel that if the processing tax is not voted, it will be necessary to amend the bill so as to make the soil-conservation payments apply as in the past.

The bill does provide for soil-conservation payments, but the amount of payment is relegated to a fixed maximum amount per pound on the domestic allotment, and I feel that if a processing tax is not imposed, then that limitation should be taken off, so that whatever is allotted to rice under the Soil Conservation Act may be paid on the whole domestic allotment, or, if the limitation is left in, then the bill should be amended so as to include rice sold for export. Either way the bill is amended will cover that situation, and I propose, before I offer the amendment, to await action in the House of Representatives, to see whether or not a processing tax will be put on rice.

Mr. POPE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ADAMS in the chair). Does the Senator from Louisiana yield to the Senator from Idaho?

Mr. ELLENDER. I yield.

Mr. POPE. At the bottom of page 53 and the top of page 54 appears the provision placing rice definitely under the Soil Conservation and Domestic Allotment Acts.

Mr. ELLENDER. That is correct.

Mr. POPE. On line 7, page 54, there is this sentence:

Such soil-conservation payments shall be at a rate not to exceed five-tenths of 1 cent per pound of rough rice, and shall be made as soon as practicable after compliance with the conditions prescribed pursuant to subsection (b) of this section has been determined.

That fixes a maximum payment under the Soil Conservation Act of five-tenths of 1 percent, or a half a cent a pound. There is a formula on page 93 which applies to all the commodities coming under the Soil Conservation Act, and the limitation on page 54 to which I have referred seems to me to be inconsistent with that general formula. It could amount to nothing but a limitation, and since for this year the 12½ cents per hundred, or one-eighth of a cent per pound is paid by way of conservation payment, I have never been able to see the necessity for the advisability of having that limitation, because I am sure the Senator does not want rice to have an undue part of the soil-conservation payments, and if the producers of rice are permitted to come under the formula, as tobacco does, and as all other commodities except wheat and corn and cotton do, then we would be assured of exactly the same treatment of rice under the Soil Conservation Act.

Mr. ELLENDER. I fear the Senator from Idaho did not understand the explanation I made of that provision just before he asked his question.

In line with what the Senator is suggesting, I expect to propose an amendment, on page 54, line 7, as follows: After the word "Such", strike out "soil conservation"; and strike out all of line 8 and all of line 9 down through the words "shall be", so that the sentence would read as follows:

Such payments shall be made as soon as practicable after compliance with the conditions prescribed pursuant to subsection (b) of this section has been determined.

If the Senator will refer to subsection (b), he will note that in order to be able to obtain soil-conservation payments the rice farmer must plant not in excess of the rice acreage allotment made to him pursuant to the agricultural program for such year and upon such other conditions and practices which may be prescribed by the Secretary of Agriculture. On the other hand, the rice farmer may set aside 1 acre to fallow for every acre planted to rice. I think that my amendment will cover the point which the Senator has just raised.

Mr. POPE. I would think so. Although I have not studied subsection (b), I believe that amendment would be appropriate. All I wanted was to see that rice was treated just the same as any other commodity. I am very anxious there should be no discrimination in the proposed legislation in favor of or against any commodity.

Mr. ELLENDER. Mr. President, I may state to the Senate that in due time I propose to offer several amendments to the pending bill, and I shall not take the time of the Senate this afternoon to discuss those amendments, as I had previously intended.

As part of my remarks in connection with the bill, Mr. President, I ask that a table of the national income from which I read this morning be printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

National income—Agriculture's contribution to national income, nonagricultural income, percent agricultural is of national income, percent nonagricultural is of national income, and tariff acts in effect

Year	National income ¹	Agriculture's contribution to national income ¹	Nonagricultural income ^{1,2}	Percent agricultural is of national income ³	Percent nonagricultural is of national income	Tariff acts ⁴
	Million dollars	Million dollars	Million dollars	Percent	Percent	
1850	1,579	530	1,049	33.6	66.4	Act of 1846: Moderation of protection.
1860	2,707	1,002	1,705	37.0	63.0	Act of 1857: Further reductions. 1861: Increase began. 1862: Great increase. 1864: Extreme increase.
1870	5,424	1,534	3,890	28.3	71.7	1870: Slight increase. 1872: 10 percent reduction, which was repealed in 1875.
1880	6,434	1,786	4,648	27.8	72.2	1882: Increase. 1883: Decrease because of too full Treasury.
1890	10,504	2,294	8,210	21.8	78.2	1890: McKinley. Further extension of protective system. 1894: Wilson Act; decrease in duties. 1897: Dingley; favored protection.
1900	15,522	2,815	12,707	18.1	81.9	1900: Payne-Aldrich. Revision downward.
1909	26,430	4,988	21,442	18.9	81.1	
1910	28,024	5,218	22,806	18.6	81.4	
1911	28,376	4,815	23,561	17.0	83.0	
1912	30,358	5,294	25,064	17.4	82.6	
1913	31,909	5,133	26,776	16.1	83.9	1913: Underwood. Drastic reduction.
1914	31,669	5,081	26,588	16.0	84.0	
1915	33,083	5,488	27,595	16.6	83.4	
1916	38,834	6,631	32,203	17.1	82.9	
1917	46,575	9,188	37,387	19.7	80.3	
1918	54,784	11,205	43,579	20.5	79.5	
1919	59,550	12,182	47,368	20.5	79.5	
1920	65,928	11,057	54,871	16.8	83.2	
1921	55,430	6,967	48,463	12.6	87.4	1921: Emergency, increase.
1922	57,926	7,300	50,626	12.6	87.4	1922: Fordney-McCumber. Further increase
1923	65,949	8,026	57,923	12.2	87.8	
1924	67,946	7,810	60,136	11.5	88.5	
1925	72,293	8,315	63,978	11.5	88.5	
1926	74,586	7,846	66,740	10.5	89.5	
1927	75,479	7,843	67,636	10.4	89.6	
1928	77,123	7,941	69,182	10.3	89.7	
1929	79,350	8,206	71,144	10.3	89.7	
1930	73,088	6,338	66,750	8.7	91.3	1930: Smoot-Hawley.
1931	60,971	4,135	56,836	6.8	93.2	
1932	47,674	2,756	44,918	5.8	94.2	
1933	45,662	2,761	42,901	6.0	94.0	
1934	52,801	5,017	47,784	9.5	90.5	
1935	56,856	5,705	51,151	10.0	90.0	
1936	64,598	6,783	57,815	10.5	89.5	

¹ 1850-1923 from Agriculture's Share in the National Income, October 1935, Division of Information, Agricultural Adjustment Administration, U. S. Department of Agriculture. 1924-36 from Monthly Indexes of Nonagricultural and National Income, August 1937, Program Planning Division, Agricultural Adjustment Administration, U. S. Department of Agriculture.

² 1850-1923 calculated by Southern Division. Total national income minus agriculture's contribution to national income.

³ 1850-1923, see footnote 1. 1924-36 calculated by Southern Division.

⁴ Taussig. Tariff History of the United States, G. P. Putnam, 1931.

Mr. ELLENDER. I further offer, in connection with my statement, a table of statistics applicable to the bill in accordance with the formula written in the bill as to each commodity. I think that will be of interest to Senators. I

ask that it be printed in the RECORD as part of my statement.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Statistics satisfying definitions of S. 2787, Nov. 22, 1937

	Cotton (million bales)	Wheat (million bushels)	Corn (million bushels)	Flue- cured tobacco (million pounds)	Rice (million barrels)
Domestic consumption ¹	7.0	650	2,325	355	10.0
Exports ¹	6.0	50	50	355	1.0
Normal carry-over.....	4.5	70	0	852	1.1
Normal supply ²	17.5	770	2,375	1,562	12.1
Reserve supply level ³	847	2,613	1,640	12.1
Marketing quota supply ⁴	847	2,613	1,640	12.1
Supply, beginning of 1937-38 mar- keting year.....	24.4	977	2,712	1,714	16.1
Percent supply of normal.....	139.4	126.9	114.2	109.7	133.0
Parity price Oct. 15, 1937.....cents	16.5	117.6	85.4	19.2	108.1
Farm price Oct. 15, 1937.....do	8.1	88.7	58.9	23.0	63.1
Farm price as percent of parity percent.....	49.1	75.4	69.0	120.0	58.4

¹ "Normal year's domestic consumption" and "normal year's exports" shall be the yearly average quantity consumed in the United States and the yearly average exported from the United States during the 10 marketing years immediately preceding the marketing year in which such consumption or exports is determined, adjusted for current trends in such consumption or exports.

² "Normal supply" of cotton shall be a normal year's domestic consumption and exports plus 35 percent of a normal year's domestic consumption and exports as an allowance for a normal carry-over, for wheat 10 percent, for corn 0 percent, for flue-cured tobacco 175 percent of a normal year's domestic consumption and 65 percent of a normal year's exports, and rice 10 percent.

³ "Reserve supply level" shall be the normal supply plus a percentage of a normal supply adequate to insure a sufficient quantity to meet domestic consumption and export needs in years of drought, flood or other adverse conditions, as well as in years of plenty. In the case of tobacco such percentage shall be 5 percent, in the case of rice, 10 percent. "Ever-normal granary" for wheat and corn shall be such supply in addition to the normal supply but not in excess of 10 percent thereof.

⁴ When the total supply of wheat or corn at the beginning of the marketing year will exceed the normal supply by more than the following percentage: Wheat, 10 percent; corn, 10 percent; rice, 15 percent, the Secretary shall proclaim a national marketing quota shall be in effect for marketings of corn, wheat, and rice. A marketing quota shall be in effect for tobacco when the Secretary finds that the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level thereof.

Mr. ELLENDER. Mr. President, the Senator from New York [Mr. COPELAND] the other day raised the question as to the additional cost to the consumer if the bill shall be passed.

I want to say to the Senator from New York [Mr. COPELAND] that in addition to what we have already done in aid of the farmer, we are simply going a step further in our efforts to help him. The next thing we must do, as I see it, is to try to draw the consumer nearer the farmer. I want to state to the Senator from New York that when I left home last September to attend hearings of the subcommittee of the Committee on Agriculture and Forestry in Spokane, good old Louisiana yam potatoes were selling at 2 cents per pound. That is what the farmer was getting. When I got to Boise, Idaho, the home of the junior Senator from Idaho [Mr. POPE] I visited many of the markets in that city. I visited markets in other cities also. I saw some of the Louisiana yams on sale in these markets and the consumer in Boise, Idaho, was being asked 12½ cents a pound for those potatoes. Just imagine that, Senators! Here was a farmer in Louisiana getting 2 cents a pound for this product, and the consumer in Idaho was paying 12½ cents.

I say to you, Senators, that the sooner we can pass legislation, if it is possible, to draw the consumer and the producer nearer together, the better off the farmer, as well as the consumer, will be.

We must cut out some of these bloodsuckers, as I call them, these leeches, who take the farm products and gamble with them, and then make the producer and the consumer suffer.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. COPELAND. It invariably happens, due to the price spread between the producer and the consumer, that when the product reaches the consumer the cost is three times as great as the amount the producer gets. The case of the Louisiana yam spoken of by the Senator is an exceptional case. When the farmer in my section is getting 5 cents for his milk, the consumer in New York City pays 15 cents. It happens almost invariably that between the producer and the consumer there is that multiplication.

I remember that when we were talking about the McNary-Haugen bill the producer was getting seven and one-half billion dollars for his crop, and the consumer was

paying twenty-two and one-half billion dollars for the products. So I sympathize with the Senator in what he says.

Mr. ELLENDER. Mr. President, in further connection with the cost of production I desire to submit certain data which will, no doubt, be of interest to Senators. I have here figures of estimates of sales value of specified articles derivable from one bale of cotton, 478 pounds net weight. In making one pair of men's overalls, 2 pounds of cotton are required. Out of a bale of cotton, 239 pairs of overalls can be made. At \$1.10 a pair, which is the prevailing price, the manufacturer gets for that bale of cotton \$262.90.

The producer of a carded broadcloth shirt uses seven-tenths of a pound of cotton to make that shirt. Six hundred and eighty-three shirts can be produced from one bale of cotton. At \$1 each, which is the Montgomery-Ward price, and very cheap, to say the least, the manufacturer and the in-betweeners get \$683 for that bale of cotton.

Let us consider bed sheets. It takes 1.8 pounds to make a bed sheet. Two hundred and sixty-six sheets can be made out of a bale of cotton. At 95 cents each, a total of \$252.70 is what the producer and the in-betweeners get.

Let us take men's handkerchiefs. To make a dozen men's handkerchiefs requires 0.56 pound of cotton. Eight hundred and fifty-three dozen handkerchiefs can be made from a bale of cotton. At 70 cents a dozen, or \$597.10, that a bale of cotton in the form of handkerchiefs sells for, goes to the manufacturer and the in-betweeners.

Today the producer of that bale of cotton gets the sum of \$35. The man who produces it, who is responsible for all of it, who takes the chances, the hazards, gets the enormous sum of \$35.

Let us take the case of wheat. Sixty pounds of wheat will make 46 pounds of flour. With the water, salt, and yeast added to make the bread each pound of wheat will make one loaf of bread. If wheat sells for 60 cents a bushel, 1 cent of it goes to the farmer who produces it.

If it sells for \$1.20, only 2 cents of the 10 cents goes to the man who produces it, and the rest goes to the man who grinds that wheat and makes it into flour and the baker who bakes it and the retailer who distributes it.

Mr. President, it seems to me that we ought to be able to draw the producer of a commodity and the consumer of that commodity nearer together and thereby make both of them benefit.

I ask unanimous consent that the statement to which I have just referred be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Estimates of sales value of specified articles derivable from 1 bale of cotton (478 pounds, net weight)

Articles	Approximate amount of cotton required in manufacture	Approximate quantity derivable from 1 bale of cotton (478 pounds, net weight)	Selling price ¹	Estimated sales value of quantity derived from 1 bale
1 pair men's overalls.....	2 pounds.....	239 pairs..	\$1.10 per pair..	\$262.90
1 carded broadcloth shirt.....	0.70 pound..	683 shirts..	\$1 each.....	683.00
1 bedsheet 81 by 99, 128 threads per square inch.	1.80 pounds.	266 sheets..	95 cents each..	252.70
1 dozen men's handkerchiefs, 16¼ inches square.	0.56 pound..	853 dozens.	70 cents dozen..	597.10

¹ Selling prices taken from catalog of Montgomery Ward, fall and winter, 1937-38

Mr. ELLENDER. Mr. President, if there are no further questions, I have concluded my statement and yield the floor.

Mr. THOMAS of Oklahoma obtained the floor.

Mr. POPE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Idaho.

Mr. POPE. In order that the tables which are on the walls of the Chamber may be of more value to Senators, I

desire to read the line or paragraph of the bill which sets out the formula, and then I desire to have the illustrations contained on the tables to which I refer follow the provision of the bill which I shall read.

Before doing that I wish to say that one of the greatest difficulties under which we have been laboring in connection with the entire bill is the difficulty of putting into words the result of very simple calculations with figures.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. CONNALLY. Would it be practical to have these matters printed in the RECORD?

Mr. POPE. Yes; it would be practical to have these tables printed in the RECORD. They have been prepared so that they may be printed.

Mr. CONNALLY. Why does not the Senator ask that they be printed in the RECORD?

The PRESIDING OFFICER. Let the Chair ask the Senator from Idaho [Mr. POPE] whether it would not be possible and timesaving to refer to the section of the bill, and that can be printed ahead of the table.

Mr. POPE. Yes; I think that should be done if it is understood that the tables may be printed as part of my remarks. The provisions of the bill are shown at the top of the tables to which they apply.

To illustrate the difficulty we have had in stating simple calculations in the way of formulas, I shall give the Senate the following as an illustration:

Add to the smallest even digit a number twice as large and then subtract from the result thus obtained a number one-half the result of the two previous transactions and then add to that result the first number mentioned herein.

That sounds obscure and difficult; yet any first-grade student can compute that transaction. All it means is that 2 plus 4 equals 6, 6 minus 3 equals 3, and 3 plus 2 equals 5.

That is all it means. That, however, illustrates the difficulty under which we have been laboring.

It will appear that the language of formulas in the bill when presented in the form of figures, such as I have here given, is so simple that anyone can readily understand it.

Therefore, I ask that the provisions of the bill be printed in the RECORD at this point, and that the figures contained in the tables be printed in the RECORD following the statement of the bill, in order that they may be available to Senators who desire to see in simple calculations the language which they may have regarded as obscure and difficult.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

[Sec. 6, p. 10]

PARITY PAYMENTS FOR COTTON, WHEAT, AND CORN

SEC. 6. (a) Promptly following the close of each marketing year for cotton, wheat, or corn, the Secretary shall make parity payments to farmers engaged in the production of such commodity for market during such marketing year, provided, in case of wheat and corn, the farmer is a cooperator. Such payments shall be computed at the parity payment rates prescribed in schedule A of this title, based on the parity price, and the relationship of the total supply to the normal supply, as proclaimed at the beginning of the marketing year just closed. Such payments, in case of wheat and corn, shall be paid on the aggregate normal yield of his soil-depleting base acreage for the commodity planted to the commodity during the marketing year just closed. If the acreage actually devoted by the cooperator to the production of the commodity during the marketing year is more than 90 percent but not more than 100 percent of the acreage permitted to be so planted, then the cooperator shall be conclusively presumed to have devoted 100 percent of the permitted acreage to the production of the commodity. Such payments, in case of cotton, shall be made upon the quantity of cotton produced on each farm under the national marketing quota for cotton.

(b) Notwithstanding the provisions of subsection (a), the parity payment shall be computed at a rate equal to the difference between the current average farm price for the commodity during the marketing year just closed and the maximum income rate therefor under schedule A of this title if the difference between such current average farm price and the maximum income rate is less than the applicable parity payment rate.

(c) Notwithstanding the foregoing provisions of this section, parity payments for cotton, wheat, or corn with respect to the marketing year ending in 1938 shall be computed at the rates heretofore announced by the Secretary under the 1938 agricultural conserva-

tion program in connection with farm goals for cotton, wheat, and corn, respectively, in case such rates are greater than the rates hereinbefore in this section provided.

(d) The first parity payments made under this act with respect to cotton, wheat, or corn shall be those made following the close of the marketing year therefor ending during 1938.

[Schedule A, p. 21]

SCHEDULE A.—Surplus reserve loan, parity payment*, maximum income rate

If the total supply at the beginning of the marketing year, in terms of a percentage of the normal supply, is as follows:	Loan, parity-payment, and maximum income rates are the following percentages of the parity price at the beginning of the marketing year		
	1	2	3
	Surplus reserve loan rate for wheat and corn	Parity-payment rate for cotton, wheat, and corn†	Maximum income rate
	Percent	Percent	Percent
Up to 100.....	85	15	100
100 up to 101.....	82	16	98
101 up to 102.....	79	17	96
102 up to 103.....	76	18	94
103 up to 104.....	74	19	93
104 up to 105.....	72	20	92
105 up to 106.....	70	21	91
106 up to 107.....	68	22	90
107 up to 108.....	66	23	89
108 up to 109.....	64	24	88
109 up to 110.....	62	25	87
110 up to 111.....	60	26	86
111 up to 112.....	58	27	85
112 up to 113.....	56	28	84
113 up to 114.....	54	29	83
114 or more.....	52	30	82

* If the parity-payment rate is greater than the difference between the current average farm price and the maximum income rate, then the parity payment is computed at a rate equal to such difference. (See sec. 6.)

ILLUSTRATION OF PARITY-PAYMENT RATE FOR WHEAT

[Sec. 6, p. 10, and schedule A, p. 21]

Rate to be determined and payment made at the close of each marketing year

Assume that at the beginning of the marketing year: (1) The total supply of wheat was equal to 100 percent of the normal supply, and (2) the parity price for wheat was \$1.25 per bushel and that during the marketing year the current average farm price was \$1.10 per bushel.

For a supply up to 100 percent of normal, the first line of schedule A is applicable, and (1) the parity-payment rate is 15 percent of the parity price (15 percent of \$1.25 per bushel = 18½ cents per bushel); (2) the maximum income rate is 100 percent of the parity price = \$1.25 per bushel; (3) the current average farm price is \$1.10 per bushel; (4) the difference between the current average farm price and the maximum income rate is 15 cents per bushel.

Therefore, since the rate shown in schedule A (18½ cents) is greater than this difference (15 cents) the parity payment will be made at the rate of 15 cents per bushel.

(Page 18, line 14:)

Second, the percentage, if any, of the soil-depleting base acreage for the commodity to be diverted from the production thereof during such marketing year in order to effectuate the declared policy, but in no event shall such percentage be so great that, upon the basis of the national average yield for the commodity, the total supply of the commodity at the end of the marketing year is likely to be less than the normal supply thereof.

(b) Adjustment contracts shall require cooperators engaged in the production of wheat or corn for market to divert from the production of the commodity during any marketing year the percentage of the soil-depleting base acreage for the commodity proclaimed by the Secretary under this section. Such contracts shall further provide that such cooperator shall engage in such soil-maintenance, soil-building, and dairy practices with respect to his soil-depleting base acreage diverted from the production of the commodity, as shall be provided in his adjustment contract.

Comparison between base acreages and acreage allotments for wheat

[See p. 18, line 14]

Assume that the ever-normal-granary supply level is.....bushels..... 847,000,000
And the estimated carry-over on July 1, 1938, is.....do..... 200,000,000

Then the production needed from the 1938 crop is.....bushels..... 647,000,000
If the national average per acre is.....do..... 11
The acreage of wheat needed in 1938 is.....acres..... 58,800,000

The above determination would be made under either approach—base acreages with diversion or acreage allotments.

If base acreages are used the following calculation would be made:

National soil-depleting base acreage.....acres..	67,400,000
Acreage needed to be produced.....do.....	58,800,000
Acreage to be diverted from production.....do.....	8,600,000
Percentage of base to be diverted by each cooper- ator.....percent.....	12.8
If the soil-depleting base acreage for wheat for a farm is.....acres.....	200
12.8 percent to be diverted would be.....do.....	25.6
Acreage to be devoted to wheat would be.....do.....	174.4
If the acreage allotment approach is used, no base acreage would be determined for this farm, but the acreage allotment for the particular year illustrated would be.....acres.....	174.4

(Page 25, lines 3-17:)

The Secretary shall determine and specify in such proclamation the amount of the national marketing quota for the commodity both in terms of the quantity which may be marketed and in terms of a percentage of the soil-depleting base acreage of each farm. The amount of the national marketing quota for the commodity shall be so fixed as to make available during the marketing year at least a normal supply of the commodity and in no event shall it be less than the normal supply for the commodity adjusted by deducting, first, the carry-over available for marketing and, second, the quantity not produced for market, nor, on the other hand, shall it in any case be greater than the ever-normal-granary supply level similarly adjusted.

Illustration of national marketing quota for wheat

[See p. 25, lines 3-17]

Assume that the normal supply for wheat (p. 67, line 6) is.....bushels.....	770,000,000
And that ever-normal granary for wheat (p. 70, line 1) is.....bushels.....	77,000,000
Then ever-normal-granary supply level is.....do.....	847,000,000
Now assume that on July 1, 1938, the carry-over of wheat is.....bushels.....	200,000,000
And the crop produced in 1938 is.....do.....	800,000,000
Then the total supply (p. 66, line 18) is.....do.....	1,000,000,000
This supply exceeds the normal supply by.....do.....	230,000,000

Which is more than 10 percent of the normal supply; therefore a national marketing quota for wheat would be proclaimed for the 1938 crop (see sec. 21 (a), p. 24).

AMOUNT OF NATIONAL MARKETING QUOTA

1. Not less than—	
(a) Normal supply.....bushels.....	770,000,000
Less (b) carry-over available for market.....do.....	200,000,000
And less (c) quantity not produced for mar- ket.....bushels.....	30,000,000
Which leaves as the minimum quota.....do.....	540,000,000
2. Not more than—	
(a) Ever-normal supply level.....do.....	847,000,000
Less (b) carry-over available for market.....do.....	200,000,000
And less (c) quantity not produced for mar- ket.....bushels.....	30,000,000
Which leaves as the maximum quota.....do.....	617,000,000
Assume that the amount of the national marketing quota is fixed midway between the minimum and maximum, which is.....bushels.....	578,500,000

MARKETING QUOTA PERCENTAGE OF BASE ACREAGE

Assume that national average yield of wheat is 11 bushels per acre; then the acreage needed at aver- age yields to produce the amount of the national marketing quota would be.....acres.....	51,700,000
The national soil-depleting base acreage for wheat (p. 14, line 10) is.....acres.....	67,000,000
Then the specified percentage of the soil-depleting base acreage for each farm (p. 25, line 6) is.....percent.....	77

(P. 27, lines 10-15:)

The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less the normal yield of the farm acreage planted to such crop in excess of the percentage, as proclaimed under this section, of the farm's soil-depleting base acreage for such crop.

Illustration of farm marketing quota for wheat

[See p. 27, lines 10-15]

[Farm quota=actual production less normal yield of excess acreage]

Assume that proclamation pursuant to section 21 (b) specifies the national marketing quota for wheat to be equivalent to 77 percent of the soil-depleting base acreage for each farm (p. 25, lines 3-9):

Then for a farm with a base acreage of.....acres.....	200
77 percent of the base acreage is.....do.....	154
Assume that acreage actually planted is.....do.....	220
Then excess acreage over specified percentage of base acre- age is.....acres.....	66
And if normal yield per acre for farm is.....bushels.....	10
The normal yield of excess acreage is.....do.....	660
Assume that actual yield per acre on farm is.....do.....	15
Then actual production on 220 acres is.....do.....	3,300
Subtracting normal yield of excess acreage or.....do.....	660

Leave as the farm marketing quota.....do..... 2,640

Mr. COPELAND. Mr. President, will the Senator from Oklahoma yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. Mr. President, on behalf of the Senator from Vermont [Mr. AUSTIN] and myself I desire to offer some amendments to the pending bill. The purpose of the amendments is to relieve the dairy farmer and the poultry farmer, producing milk and eggs for the market, from certain restrictions in the bill which we believe are dangerous and harmful to those great industries and particularly harmful to the consuming public.

One of the purposes of the amendments is to restrict the operations of the bill to wheat and corn raised for marketing, the purpose being merely to make clear that the poultryman or the dairy farmer who is raising corn or wheat for the purpose of feeding his stock and for no other purpose, who is not selling those products in the market, shall not be included within the restrictions of the bill.

Another purpose of the amendments relates to the problem in connection with soil maintenance, soil building, and dairy practices. We propose that, instead of using the newly released acreages for the raising of grain or products covered by the bill, such released acres shall not be used for grazing and for dairy development.

Another purpose of the amendments, which is to carry out the same thought, would appear on page 30 in connection with wheat or corn raised "for market."

Then, referring to the last one, beginning on page 71 where the term "market" is defined, we there propose to exclude from the definition "poultry", so that it will read:

The term "for market" in the case of wheat and corn means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to livestock (except dairy cattle).

Lastly the same thought is found in line 9, page 72, where it is provided that wheat and corn raised for feeding to poultry and dairy cattle on the farm must be brought under the restrictions of the bill.

In connection with my remarks I ask that the very brief language of the amendments may be printed in the RECORD.

The PRESIDING OFFICER. The amendments will be printed, and lie on the table, and, without objection, will be printed in the RECORD.

The amendments are as follows:

Amendments intended to be proposed by Mr. COPELAND and Mr. AUSTIN to Senate bill 2787, the agricultural-relief bill, viz:

"On page 14, line 2, after the word 'corn', insert the words 'for market.'"

"On page 19, lines 6 and 7, strike out 'soil-maintenance, soil-building, and dairy' and insert in lieu thereof 'soil-maintenance and soil-building.'"

"On page 30, line 10, after the word 'corn', insert the words 'for market.'"

"On page 72, line 1, strike out the words 'poultry or' and insert after the word 'livestock' the following: '(except dairy cattle).'"

"On page 72, line 9, strike out the words 'poultry or', and in line 11, after the word 'household', insert a semicolon and the following: 'or if fed to poultry or dairy cattle on his farm.'"

Mr. BARKLEY. Mr. President, I presume the Senator from Oklahoma does not desire to proceed at this late hour?

Mr. THOMAS of Oklahoma. No.

Mr. BARKLEY. If the Senator will yield to me at this time, then, I shall ask for an executive session.

Mr. THOMAS of Oklahoma. Very well.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Dr. Wixom S. Sibley, to be assistant surgeon in the United States Public Health Service, to rank as such from September 22, 1937.

Mr. BULKLEY, from the Committee on Finance, reported favorably the nomination of John Phillip Wenchel, of

Washington, District of Columbia, to be Assistant General Counsel for the Bureau of Internal Revenue, in place of Morrison Shafroth, resigned.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of John W. Kern, of Indiana, to be a member of the Board of Tax Appeals for the unexpired term of 12 years from June 2, 1926, to which office he was appointed during the last recess of the Senate, vice Justin Miller.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER (Mr. ADAMS in the chair). The reports will be placed on the Executive Calendar.

DRAFT CONVENTIONS AND RECOMMENDATIONS CONCERNING EMPLOYMENT OF SEAMEN—REMOVAL OF INJUNCTION OF SECRECY

Mr. PITTMAN. Mr. President, I ask unanimous consent that as to six draft conventions and two recommendations concerning employment of seamen, adopted at the International Labor Conference, October 6-24, 1936, and sent to the Senate on August 19, 1937, being Executive Documents V to CC, inclusive, Seventy-fifth Congress, first session, the injunction of secrecy may be removed and that such documents be subject to be printed. At the same time, in this connection, I ask as a part of this request, that a letter from the Secretary of State under date of November 19, 1937, together with a letter from the Secretary of Labor addressed to the Secretary of State under date of November 5, 1937, recommending this action, may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, the injunction of secrecy is ordered removed from Executive Documents V to CC, inclusive, Seventy-fifth Congress, first session, and the letters referred to will be printed in the RECORD.

The letters are as follows:

DEPARTMENT OF STATE,
Washington, November 19, 1937.

The Honorable KEY PITTMAN,
United States Senate.

MY DEAR SENATOR PITTMAN: I enclose a copy of a letter from the Secretary of Labor, dated November 5, 1937, suggesting that the draft conventions and recommendations concerning the employment of seamen, adopted by the International Labor Conference in October 1936, together with the documents transmitted with them by the President to the Senate, be removed from the injunction of secrecy. These documents were printed confidentially as Executive Documents V to CC, inclusive, in the first session of the Seventy-fifth Congress.

As the Secretary of Labor states, the conventions themselves were adopted at open meetings of the International Labor Conference and have been publicly printed and circulated by the International Labor Office. I agree with her suggestion that, in view of the relation which these conventions have to the interests of a large number of shipowners and maritime employees, it would be desirable to remove the injunction of secrecy from them and from the documents which were transmitted with them to the Senate.

Sincerely yours,

CORDELL HULL.

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, November 5, 1937.

The Honorable the SECRETARY OF STATE.

DEAR MR. SECRETARY: I am writing to you with regard to the six draft conventions and two recommendations concerning the employment of seamen adopted at the International Labor Conference, October 6-24, 1936.

As you know, when these conventions were submitted to the Senate by the President on the date of August 19, 1937, the conventions, the letter of transmittal, and the accompanying reports to the Secretary of State, the Secretary of Commerce, the Secretary of Labor, and the Chairman of the United States Maritime Commission, together with certain memoranda regarding these conventions, were treated as confidential, and the documents printed by the Senate were labeled as such. For the reasons hereinafter set forth, I believe that their confidential status should be changed, and I am taking this opportunity to request you, if you agree with this conclusion, to assist me in attaining this objective.

All of these conventions were adopted at open meetings of the International Labor Office, were discussed publicly at Geneva and in the various member countries, and have been the subject of articles appearing in various periodicals. Moreover, in this country they were examined by the various departments and independent establishments concerned with the subject matter, and no attempt was made to keep these discussions secret.

In view of this background it was to be expected that many inquiries by shipowners and by representatives of seamen should be sent to this office concerning the present status of the conventions. For their contents concern a great number of people engaged in the shipping business, either as operatives or as employees, and they, being vitally interested in the ultimate disposition of these conventions, are desirous of having an opportunity to express their views on the merits of these conventions. Unless these documents are made available to these individuals they feel that they will not be sufficiently well informed on the various factors involved to reach any intelligent conclusions.

In view of the history of these conventions, which is clearly distinguishable from that of the usual proposal treaty, I firmly believe that it would be in the public interest to remove the veil of secrecy from these conventions and documents and make them available to the public as Senate documents.

Sincerely yours,

FRANCES PERKINS.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state in order the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Finis J. Garrett, of Tennessee, to be presiding judge of the United States Court of Customs and Patent Appeals.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the President be notified of the confirmation of Judge Garrett's nomination.

The PRESIDING OFFICER. Without objection, the President will be notified.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask unanimous consent that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Army are confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations for promotion in the Navy.

Mr. WALSH. I ask that the nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Navy are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. WALSH. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Marine Corps are confirmed en bloc.

That completes the Executive Calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 4 o'clock and 58 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, December 1, 1937, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 30 (legislative day of November 16), 1937

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

Finis J. Garrett to be presiding judge of the United States Court of Customs and Patent Appeals.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Maj. Donald Sutter McConaughy to Quartermaster Corps.

Capt. William Andrew Smith to Quartermaster Corps.

Maj. William Mayer to Field Artillery.

First Lt. Richard Claire Carpenter to Field Artillery.

PROMOTIONS IN THE REGULAR ARMY

Curtis DeWitt Alway, major, Infantry.

Louis James Lampke, major, Infantry.

PROMOTIONS AND APPOINTMENTS IN THE NAVY

To be rear admirals

David M. LeBreton

Husband E. Kimmel

To be captains

Robert G. Coman

Charles E. Reordan

To be commanders

Edward H. Jones

Frank R. Dodge

William W. Warlick

Vincent R. Murphy

Charles W. Styer

Thomas L. Sprague

Owen E. Grimm

Einar R. Johnson

Pal L. Meadows

Thomas B. Inglis

Earl E. Stone

To be lieutenant commanders

Charles O. Glisson

William S. Price

Donald F. Smith

Louis G. McGlone

Melville E. Eaton

Walter G. Schindler

Eugene B. Oliver

Ralph E. Hanson

Thomas L. McCann

Clarence E. Aldrich

George L. Russell

Leo B. Farrell

William D. Hoover

Richard W. Dole

Leon J. Huffman

Milton E. Miles

Thomas B. Dugan

Alfred R. Taylor

Howard R. Healey

Lucien Ragonnet

Frank T. Watkins

Tom B. Hill

John M. Higgins

Carl F. Espe

James P. Clay

Edward C. Metcalfe

John H. Leppert

John P. Whitney

Anthony L. Danis

To be lieutenants

Nic Nash, Jr.

Walter J. Whipple

Doutney G. McMillan

John L. Ewing, Jr.

Basil N. Rittenhouse, Jr.

Guy W. Stringer

Julian H. Leggett

Richard E. Hawes (an additional number in grade)

George H. Wales

Charles E. Weakley

Delos E. Wait

Henry S. Persons

Earl A. Junghans

Leonard T. Morse

Robert B. McCoy

Frank Novak

Baron J. Mullaney

John R. Moore

Elliott W. Parish, Jr.

Caleb B. Laning

Claude V. Ricketts

Robert J. Ramsbotham

Richard C. Lake

MacDonald C. Mains

Harold E. Karrer

Ralph C. Lynch, Jr.

Carl A. Peterson

Jacob W. Waterhouse

Marvin G. Kennedy

Edward F. Hutchins

Oliver G. Kirk

Robert DeV. McGinnis

Earl T. Schreiber

Arthur S. Hill

Edward J. O'Donnell

Warner S. Rodimon

Edward R. Hannon

William H. Watson, Jr.

Frank B. Stephens

Edwin P. Martin

Goldsborough S. Patrick

Benjamin Coe

Lowell T. Stone

Samuel B. Frankel

James H. Mills, Jr.

Kemp Tolley

Frederic S. Keeler

Clayton C. McCauley

Stanley C. Strong

John M. Birmingham

James T. Hardin

Paul J. Nelson

Gustave N. Johansen

Frank P. Mitchell, Jr.

Francis D. Jordan

Gordon F. Duvall

John P. Rembert, Jr.

Almon E. Loomis

John Raby

Alexander H. Hood

Roderick S. Rooney

Egbert A. Roth

Donald F. Weiss

Edward C. Stephan

Henry J. McRoberts

Harold Nielsen

Carl A. Johnson

Leroy C. Simpler

Cleaveland D. Miller

Richard G. Visser

Philip R. Osborn

Leonard V. Duffy

Andrew McB. Jackson, Jr.

Wellington T. Hines

Richard T. Spofford

James H. Hean

Peter H. Horn

Charles B. Martell

Bruce E. S. Trippensee

Edmund E. Garcia

William B. Epps

Emery Roughton

Manley H. Simons, Jr.

Harry B. Dodge

William C. Ennis

Kleber S. Masterson

Herman N. Larson

Joseph A. E. Hindman

John R. Craig

Marshall E. Dornin

Frank I. Winant, Jr.

Raymond W. Johnson

Richard M. Nixon

David L. Wheelchel

Ephraim P. Holmes

Wilfred A. Walter

Walter M. Foster

William C. Butler, Jr.

Robert L. Moore, Jr.

John T. Hayward

Frank L. Johnson

Francis E. Bardwell

To be lieutenants (junior grade)

Fitzhugh McMaster

Rufus L. Taylor

Morgan Slayton

Lewis C. Cox

Orme C. Robbins

William C. G. Church

Richard L. Mann

John W. Howard

Christy C. Butterworth

Alfred D. Kilmartin

Harry H. Graer, Jr.

Paul L. Joachim

Bernard A. Clarey

Earl W. Logsdon

William H. Kirvan

William T. Nelson

Nicholas Lucker, Jr.

Hugh T. MacKay

Herman A. Pieczentkowski

Thomas B. Haley

Mell A. Peterson

Burrell C. Allen, Jr.

Samuel M. Randall

George N. Butterfield

John O. Kinert

Denys W. Knoll

Donald F. Krick

Frank T. Sloat

Francis S. Stich

Edward S. Carmick

George C. Seay

Dudley W. Morton

John R. McKnight, Jr.

Lynne C. Quiggle

Jefferson R. Dennis

Robert J. Stroh

John E. Lee

Henry O. Hansen

John Corbus

Otis J. Earle

John M. Lewis

Gifford Scull

Victor S. Gaulin

Howard G. Corey

Alfred E. Grove

Lance E. Massey

James W. Davis

Eugene T. Sands

Donald J. Sass

Clyde B. Stevens, Jr.

Frank P. Luongo, Jr.

Kenneth McL. Gentry

Thomas L. Wogan

George M. Holley

Robert J. Esslinger

To be surgeons

William E. Pinner

Henry M. Weber

John M. Woodard

Herman Seal

Robert E. Baker

To be passed assistant surgeons

John D. Yarbrough

John M. Wheelis, Jr.

Robert L. Ware

Alvin J. Cerny

Langdon C. Newman

Donald R. Tompkins

Leslie D. Ekvall

Joseph L. Zundell

Benjamin G. Feen

Francis K. Smith

James B. Butler

Erwin H. Osterloh

Paul M. Hoot

Harold E. Gillespie

Ralph C. Boren

Julian M. Jordan

David H. Davis

Lewis T. Dorgan

Carl V. Green, Jr.

To be assistant surgeons

Charles F. McCaffrey	Earle E. Metcalfe
Alfred L. Smith	Jefferson Davis
Marion E. Roudebush	Joseph M. Hanner
Edward P. McLarney	

To be dental surgeons

James I. Root	Edward B. Howell
Charles C. Tinsley	Francis G. Ulen
Walter Rehrauer	Henry R. Delaney
Philip H. MacInnis	Gunnar N. Wennerberg

To be assistant dental surgeons

Jerome B. Casey	Otto H. Schlicht
Donald L. Truscott	Mallie A. Griffin
Gail T. Curren	Roger V. Chastain
Erling J. Lorentzen	Wilbur H. Pederson
Caryl J. Hoffer	William J. van Ee, Jr.
Lloyd W. Thomas	Stanley W. Eaton
Emeron F. Bachhuber	David M. Fox
Maurice E. Simpson	Kenneth L. Urban

To be pay inspectors

Charles J. Harter	William C. Wallace
Robert O'Hagan	Thomas A. Durham
Charles C. Timmons	William A. Best
Robert L. Mabon	James D. Boyle

To be paymaster

George W. Bauernschmidt

To be passed assistant paymasters

Donald S. Gordon	Ernest C. Collins
John W. Haines	Henry S. Cone
Allan McL. Gray	Milton C. Dickinson

To be assistant paymasters

Burrows W. Morgan, Jr.
John Vinn, Jr.

To be chaplains

Frank R. Hamilton	Carl M. Sittler
Lon P. Johnson	David L. Quinn

To be assistant naval constructors

Allan M. Chambliss	Walter E. Baranowski
Charles H. Gerlach	Edward R. Tilburne
Edgar H. Batcheller	George C. Wells

To be a civil engineer

Archibald L. Parsons

To be assistant civil engineers

Lewis M. Davis, Jr.	James R. Davis
Neil E. Kingsley	Ernest S. Bathke

To be a chief boatswain

Arthur L. Parker

To be chief pharmacists

Russell P. Cunningham	Alfred T. Simons
William A. Washburn	Addie Young

To be lieutenants

Doyle G. Donaho	Richard R. Ballinger
Alan R. Montgomery	William T. Easton
Hugh R. Nieman, Jr.	Eddie R. Sanders
John K. McCue	Bernhart A. Fuetsch
Alan B. Banister	Christian L. Engleman
John C. Alderman	Jack S. Dorsey
George F. Beardsley	

MARINE CORPS

To be colonels

Clarke H. Wells
Maurice E. Shearer

To be lieutenant colonels

William A. Worton
John W. Thomason, Jr.

To be majors

Clyde H. Hartsel
Benjamin W. Atkinson
William L. Bales

To be captains

John B. Hill	Thomas B. Hughes
James R. Hester	Fred D. Beans
William F. Parks	August Larson
William A. Willis	Donovan D. Sult
John S. Holmberg	Norman Hussa
Clarence J. O'Donnell	Henry T. Elrod
James M. Daly	Robert L. McKee
James P. Berkeley	Edward B. Carney
Edson L. Lyman	Austin R. Brunelli

To be second lieutenants

Frank W. Davis	Charles J. Quilter
Charles N. Endweiss	Frank G. Umstead

To be a chief quartermaster clerk

John L. McCormack

POSTMASTERS

INDIANA

Marjorie I. Stevens, Cynthiana.
James J. Littrell, Elkhart.
Gene Harris, Fountain City.
Jane Agnes Quinlan, Holy Cross.
William H. Menaugh, Osceola.
Oscar L. Philipps, Santa Claus.

NEW HAMPSHIRE

Charles B. Weeks, Chocorua.
Carroll N. Young, West Stewartstown.

NEW JERSEY

Frances E. Schmidt, Emerson.
Ernest B. Helmrich, Hopatcong.
Edith B. Brooks, Kingston.

WEST VIRGINIA

Edwin Caperton, Alloy.
William H. Hilborn, Beverly.
Anna S. Been, Camden on Gauley.
Blanche L. O'Dell, Hastings.
George W. Kilmer, Hedgesville.
George L. Carlisle, Hillsboro.
Kerth Nottingham, Marlinton.
Nell Bennett Wolford, Pickens.
George L. Wilcoxon, Tams.
Merle G. Raab, Triadelphia.
Myrtle W. Orndorff, Wardensville.
Thelma P. Forbes, West Liberty.

HOUSE OF REPRESENTATIVES

TUESDAY, NOVEMBER 30, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Eternal God, our Father, from whom all blessings flow, minister unto us today. Let us pass into that reasonableness and quietness which are so essential to our vocation. We acknowledge our weaknesses and imperfections and fervently beseech Thee to inspire us with the spirit of the Master, that we may deal with all problems in the light of understanding and wisdom. Widen our spiritual horizons and let us feel and hear the call to higher states of being and blessing. Impress us, blessed Lord, that true merit lies in personal effort and sacrifice to make our fellows better and happier. We pray for the eyes of vision and hope, for the arms of faith, and for the feet of obedience. In our Redeemer's name, Amen.